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November 14, 2017

Ms. Ronda Miller
Purchasing Officer II
State of Nevada, Purchasing Division
515 E. Musser Street, Suite 300
Carson City, NV 89701

RE: Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project,
Request for Proposal (RFP): 3292

Dear Ms. Miller:

Conduent State & Local Solutions, Inc. (Conduent) is pleased to submit our response to the State of Nevada, Purchasing Division, for the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project (RFP 3292). Throughout our proposal, we describe how we help the State achieve its objectives for your three Nevada EBT Programs: Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), and Women, Infants, and Children (WIC).

Dedicated to public sector electronic payment services (EPS) programs since 1996, Conduent currently has EBT programs in 26 states and has WIC EBT programs in 10 states. In addition, we provide electronic payment card (EPC) services for 104 government programs in 22 states and for the U.S. Department of the Treasury. We also administer Electronic Child Care Time and Attendance Tracking (eCC) programs in nine states. For our EPS programs, our Electronic Payment Processing and Information Control (EPPIC) system processed over 3.2 billion transactions in 2016, had a system availability of 99.97 percent for this same period, and is flexible enough to handle programs of any size.

As you'll see throughout our proposal, we offer the State a low-risk transition similar to what we have successfully completed for many states. Transition and conversion of the system is "routine business" for Conduent at this point. Unlike other contractors that may claim more conversions, the 21 conversions that we have completed are true EBT system/program transitions, and don't include conversions from paper processing to electronic processing. This is more conversion experience than anyone else in the industry and it includes EBT services programs ranging in caseload from 93,000 to more than 1.9 million. The nearly 10 million EBT cases we have transitioned to EPPIC were all transitioned on time and without incident.

Our successful “routine business” transition experience is due, in great part, to our Connect solutions—EBT Connect and WIC Connect. Both include our EPPIC transaction processing platform, which is scalable and flexible, and increases efficiencies for all project stakeholders now and into the future. They are designed specifically for government agencies and include many distinguished advantages and feature sets, including:

- An IVR and customer service centers that provide callers the information they need, when they need it, 24/7, using a toll-free number.
- Feature-rich web portals for cardholders, retailers, and vendors specifically designed for government benefit programs and the cardholders they serve.
- A daily zero-balance approach to eliminate the discrepancies of suspense accounting, in-flight, and unapplied transactions.
- And our WIC Connect solution has the added benefit of being easily configurable dramatically reducing implementation time compared to competitors.

Furthermore, our Connect solutions are supported by a group of technical experts who bring decades of experience in the industry. Your three EBT Programs will be led by Project Manager Angie Hernandez, who is supported by Jeff Vinsant who is the Project Manager for the WIC EBT Program. Ms. Hernandez has over 10 years of EBT project management experience and more than 16 years of experience in the health and human services industry. Mr. Vinsant brings over eight years of experience at Conduent implementing EBT, WIC EBT, and eCC programs. Our Vice President, Todd Halter, who has been in the EBT industry for more than 25 years is responsible for the successful oversight of the program and lives in the Carson City area. Additionally, our experienced leadership team and supporting program and technical staff are skilled in EBT and WIC EBT services program management, system design, low-risk transitions, expert customer service, and successful transition experience.

As demonstrated by our tried and true experience previously described and further supported throughout our proposal response, we have spent many years preparing for RFPs that include programs like yours—SNAP, TANF, and WIC. Not only can you count on a smooth transition, our intuitive and efficient Connect solutions ensure your staff can use their resources more effectively and focus on important tasks rather than administrative burdens.

Michael P. Cerone, the signatory of this letter, is authorized to contractually bind Conduent State & Local Solutions, Inc. to all statements, services, and prices contained within the proposal.

Our contacts for questions or clarifications related to our proposal are:

Primary Contact	Secondary Contact
John W. Pfeuffer *Vice President,* *Business Development* Conduent State & Local Solutions, Inc. 105 East 14th Avenue Naperville, IL 60563 630.369.4591 john.pfeuffer@conduent.com	Alice Parker *Senior Capture Manager,* *Business Development* Conduent State & Local Solutions, Inc. 721 E. Fifth Street, Unit 1 Boston, MA 02127 617.268.1279 alice.parker@conduent.com

As required, Conduent is submitting our response on one flash drive appropriately labeled in accordance with RFP instructions. The flash drive contains the following three PDF files: Technical Proposal, Confidential Technical Proposal, and Cost Proposal. We have submitted confidential information according to the instructions described in RFP Section Part IB, Confidential Technical Proposal and RFP Section Part III, Confidential Financial Information.

We have followed the instructions of RFP Section 10.2.2.5, and as clarified in Question #109 of Amendment 1, provide our written response in ***bold/italics*** immediately following the applicable RFP question, statement and/or section. In addition, we have organized our response according to the instructions set forth in RFP Section 10.2.2, to include the following sections:

- Section I, Title Page
- Section II, Table of Contents
- Section III, Vendor Information Sheet
- Section IV, State Documents
- Section V, System Requirements
- Section VI, Scope of Work
- Section VII, Company Background and References
- Section VIII, Attachment H – Proposed Staff Resumes
- Section IX, Preliminary Project Plan
- Section X, Other Informational Material

If selected as the vendor on this project, Conduent agrees to negotiate in good faith with the State to promptly resolve any issues pertaining to the scope of work, pricing, and/or terms and it is our assumption moving forward that the final contract will be negotiated to the mutual satisfaction of both the State and Conduent. With our broad experience in government contracting, we are confident that all concerns and mandates of the State can and will be resolved in an expeditious manner following notification of award on this project.

We acknowledge the State's amendment documents, including Amendment 1 and Amendment 2. For the evaluators' convenience, the RFP Language that was changed in Amendment 1 and Amendment 2 is updated in our proposal response using strikethrough (language replaced) and bold/underlined (new language). Signature pages of Amendment 1 and Amendment 2 are included in our response to RFP Section IV, State Documents, as required.

In closing, we are fully dedicated to operating an innovative, low-risk, economical, and responsive solution for your SNAP, TANF, and WIC Programs that offer the best value to the State. Should you have any questions regarding our proposal, please do not hesitate to contact me or our proposal points of contact listed in this transmittal letter.

Sincerely,

Michael P. Cerone

Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project

for the State of Nevada, Purchasing Division

Section I Title Page

REQUIREMENT: RFP Section 10.2.2.1

10.2.2.1 Section I – Title Page with the following information:

Part IA – Technical Proposal

RFP Title:	Nevada EBT Project
RFP:	3292
Vendor Name:	Conduent State & Local Solutions, Inc.
Address:	12410 Milestone Center Drive 5th Floor Germantown, MD 20876
Opening Date:	11/21/17
Opening Time:	2:00 PM

Use of trademarks and service marks is implied throughout the proposal. eChildcare©, EPPIC®, Microsoft®, and Java®, for example, are trademarks or registered trademarks of their respective owners in the United States and other countries.

Section II Table of Contents [RFP 10.2.2.2]

REQUIREMENT: RFP Section 10.2.2.2
10.2.2.2 Section II – Table of Contents
An accurate and updated table of contents shall be provided.

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Section III Vendor Information Sheet [RFP 10.2.2.3]

REQUIREMENT: RFP Section 10.2.2.3

10.2.2.3 Section III – Vendor Information Sheet

The vendor information sheet shall be completed and signed by an individual authorized to bind the organization.

On the following page, we provide a completed vendor information sheet that is dated and signed by Mr. Michael P. Cerone, Vice President. He is authorized to bind our company.

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VENDOR INFORMATION SHEET FOR RFP 3292

Vendor Shall:

A) Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V6 shall be used for development of the contract;

B) Type or print responses; and

C) Include this Vendor Information Sheet in Section III of the Technical Proposal.

V1	Company Name	Conduent State & Local Solutions, Inc.

V2	Street Address	12410 Milestone Center Drive, 5th Floor

V3	City, State, ZIP	Germantown, MD 20876

V4	Telephone Number		
	Area Code: 770	Number: 829-1033	Extension:

V5	Facsimile Number		
	Area Code: 770	Number: 829-1063	Extension:

V6	Toll Free Number		
	Area Code: n/a	Number: n/a	Extension:

V7	***Contact Person for Questions / Contract Negotiations, including address if different than above***
	Name: John Pfeuffer
	Title: Vice President, Business Development
	Address: 105 E. 14th Avenue, Naperville, IL 60563
	Email Address: john.pfeuffer@conduent.com

V8	Telephone Number for Contact Person		
	Area Code: 630	Number: 369-4591	Extension:

V9	Facsimile Number for Contact Person		
	Area Code: 630	Number: 369-4596	Extension:

V10	***Name of Individual Authorized to Bind the Organization***	
	Name: Michael P. Cerone	Title: Vice President

V11	Signature ***(Individual shall be legally authorized to bind the vendor per NRS 333.337)***	
	Signature:	Date: 11/14/2017

Section IV State Documents [RFP 10.2.2.4]

REQUIREMENT: RFP Section 10.2.2.4
10.2.2.4 Section IV – State Documents
The State documents section shall include the following:
A. The signature page from all amendments signed by an individual authorized to bind the organization.
B. Attachment A – Confidentiality and Certification of Indemnification signed by an individual authorized to bind the organization.
C. Attachment B – Vendor Certifications signed by an individual authorized to bind the organization.
D. Attachment J – Certification Regarding Lobbying signed by an individual authorized to bind the organization.
E. Copies of any vendor licensing agreements and/or hardware and software maintenance agreements.
F. Copies of applicable certifications and/or licenses

On the following pages, we provide the required State documents including:

- Amendment 1 issued by the State on September 15, 2017
- Amendment 2 issued by the State on October 3, 2017
- RFP Attachment A – Confidentiality and Certification of Indemnification
- RFP Attachment B – Vendor Certifications
- RFP Attachment J – Certification Regarding Lobbying

Mr. Michael P. Cerone, Vice President, who is authorized to bind our company, has signed documents requiring a signature.

As clarified in Question #124 of Amendment 1, we are providing services and not creating software for the State or licensing software to the State. Licensing to use our system is not required for our proposed services. Therefore, we have not included licensing agreements or hardware and/or software maintenance agreements with our proposal.

We have also included the Nevada Secretary of State Certificate of Good Standing, which is the only certification and/or license applicable to our proposal response. The State Certificate of Good Standing is located behind this proposal section.

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State of Nevada
Department of Administration
Purchasing Division
515 E. Musser Street, Suite 300
Carson City, NV 89701

Brian Sandoval
Governor

Jeffrey Haag
Administrator

SUBJECT:	Amendment 1 to Request for Proposal 3292
RFP TITLE:	Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project
DATE OF AMENDMENT:	September 15, 2017
DATE OF RFP RELEASE:	August 16, 2017
OPENING DATE:	November 21, 2017
OPENING TIME:	2:00 PM
CONTACT:	Ronda Miller, Procurement Staff Member

The following shall be a part of RFP ***3292.*** If a vendor has already returned a proposal and any of the information provided below changes that proposal, please submit the changes along with this amendment. You need not re-submit an entire proposal prior to the opening date and time.

---

1. Has a budget been allocated for this project? May I know an estimated contract value if possible?

   The State declines to disclose this information.

2. May I know the contract numbers and contract expiration dates for the EBT contracts with CDP and FIS?

   FIS contract number 17295 expires June 30, 2018.
   WIC contract number 10847 expires June 30, 2018.

3. What is the estimated cost of the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project?

   Refer to question 1 of this amendment.

4. Has funding been allocated for the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project yet? If so through which source (budget, CIP, state/federal grant)?

   Refer to question 1 of this amendment.

5. Would it be possible to name the three greatest challenges the Department is having with the current solution?

   No issues at this time.

6. 4.1.3 33 Vendor's response must be limited to no more than five (5) pages per task not including appendices, samples and/or exhibits
Please define what level is subject to the 5 page limit? For example, is 4.3 limited to 5 pages or is it at the subsection level i.e. 4.3.1 or 4.3.1.1?

Each section is limited.

7. 4.4.2.5 (G) 42 The WIC Programs continue to have stand-beside registers in a small number of stores. In addition, several vendors also utilize a third party processor. The vendor shall identify the process to provide stand-beside registers, training material, and other support to stores which are not integrated.

Please clarify that "stand-beside registers" are the industry standard stand-beside POS terminals used to transact WIC only food items. If that is not correct, please provide the desired functionality of the "stand-beside registers".

Stand beside registers are stand beside terminals and used to transact WIC only purchases.

8. 4.5.2.3(D.5) 53 If POS terminals have been leased, the EBT contractor shall allow the State, if interested, to purchase the terminals at their depreciated value. If appropriate, the existing POS terminal transactions may be re-redirected via the gateway during transition until either replaced or purchased.

The software used to run the POS terminals is generally owned by the EBT Processor. Assumption is that this request is for hardware only. Is this a correct assumption?

State only pays for exempt EBT retailers POS equipment.

WIC does not pay for POS terminals. Each non-integrated store receives two terminals at no additional cost which is included in the CPCM.

9. 4.11.2.4 89 The ANSI X9.58-2013 (or most current version) standard (for SNAP) has been updated to address new technology that eliminates the need to swipe the card or key-enter the PAN into the POS device. This includes such innovations as identification by finger image (e.g., Pay-by-Touch) and Radio Frequency Identification (RFID) cards. The EBT contractor must accept and process EBT transactions that contain the new codes, record the new transaction types as part of transaction history and identify them to FNS as specified in the ALERT file instructions.

The use of finger imaging or RFID cards are not standard in EBT. Is the bidder to provide optional pricing for this service? If not, should the price for this upgrade be included in the CPCM?

Nevada does not currently use this functionality, however we are looking for future enhancement options. What options does the vendor offer for future enhancements and what are the costs associated with those enhancements?

10. 4.13.2.1 114 If requested by Program staff, the EBT contractor shall provide Program staff with administrative functionality to transfer benefits from one EBT account to another EBT account. In the debited account, the system shall post a debit memo to identify the EBT

account to which the benefits have been transferred. In the credited account, the system shall post a credit memo identifying the EBT account from which the credit was transferred. Benefit transfers are non-settling transactions. Access to this functionality will be limited to designated State staff.

Can the State describe the circumstances under which benefits are transferred from one account to another? It is not a standard administrative transaction.

The State Program staff has administrative functionality to transfer benefits from a group living arrangement facility back to the client when the client leaves the facility.

11. 4.13.2.3(C) 114 Cash benefits are administered by State agencies and may be either day-of-draw or prefunded. Day-of-draw benefits credited to the cash account represent credit balances only. The EBT contractor initiates fund transfers subsequent to benefit access by clients. Prefunded benefits are funded at the time benefits are authorized. The EBT contractor shall be required to maintain an interest bearing bank account to hold and maintain prefunded benefits. Prefunded benefits are subject to Regulation E compliance. The EBT contractor will retain interest earned on prefunded benefit accounts to offset the cost of maintaining the account and Regulation E. The EBT contractor shall be liable for all funds deposited into prefunded benefit accounts.

    How many cardholders receive prefunded cash benefits and what is the dollar value of these benefits? Generally, EBT cards that have combined SNAP/Cash benefits are not prefunded. The costs of Regulation E may far exceed the interest earned on the funds and will impose unnecessary regulatory burdens on both the vendor and the State. As far as we are aware, no other state has voluntarily accepted the burden of Regulation E for a combined SNAP/Cash card. Will the State commit to not prefunding benefits on this joint card?

    The State currently does not issue prefunded SNAP or Cash benefits.

12. 4.13.2.3(D) 115 The EBT contractor shall maintain a pooled cash account for each eligible family or person. Both day-of-draw cash are posted to the pooled cash account. For audit and control purposes, the EBT contractor shall be required to track cash benefit transactions and balances by benefit type and must ensure that cash benefits are not commingled with SNAP benefits.

    It appears that there is text missing from the requirement-- "Both day of draw cash are posted" Is the phrase 'and prefunded cash' missing from the requirement? If so, does that mean that if a transaction uses both a day of draw cash benefit and a prefunded cash benefit that Reg E applies to the entire transaction? This could potentially mean that all cash benefits are subject to Reg E coverage.

    Text should read: 'Both day-of-draw and prefunded cash benefits are posted to the pooled cash account.'

    As stated in Question 11, the State does not currently issue prefunded SNAP or Cash benefits.

13. Will the State please provide an anticipated project schedule for each project (SNAP, Cash, and WIC)

This will be provided to the awarded contractor. The vendor should plan on having their system online by July 1, 2018. Refer to question 55 of this amendment for the updated timeline.

14. General Question: Where should Offerors include any suggested modifications or exceptions to requirements and/or terms and conditions within their proposals?

    The State does not allow for exceptions; however, vendors may make innovative solutions to the scope of work by clearly identifying sections.

15. General Clarification: Please confirm that all references to EBT-only retailers throughout the RFP mean Exempt EBT-only retailers in compliance with the 2014 Farm Bill.

    Yes.

16. Section 3.1 (page 14) and Section 4.1 (page 33): This section states that if subcontractors will be used for any of the tasks, vendors must indicate what tasks and the percentage of time subcontractor(s) will spend on those tasks. In an EBT contract, subcontractors are generally engaged to provide functions throughout the contract term such as call center services, card production, etc. For example, a subcontractor providing call center services will be engaged 24/7 for the entire contract term to provide cardholder and retailer customer service; equaling 100% of the time. Will the State accept a description of the assigned functions in response to this requirement?

    Yes.

17. Section 3.2.11.1 (page 19): Will the State confirm if this requirement it is referring to the TPP providing their specification to the retailers that they will support within 30 calendar days of the start of the contract to be executed between the TPP and the EBT Contractor?

    Yes.

18. Section 3.2.2.2 (page 16): This section requires a separate Reports Manual for the SNAP and TANF programs. Because SNAP and TANF programs are supported by the same system and benefits are accessible on the same card, many manuals, plans and reports are combined for the two programs for efficiency purposes. Creating separate manuals, plans and reports for these programs will require significant time, resources and expense to deconstruct deliverables into two separate ones that will contain a significant amount of duplicate information. For this requirement, and others like it throughout the RFP, will the State accept combined manuals, plans and reports for the SNAP and TANF programs, where applicable? We do understand that some information must be program specific, such as the plan to provide adequate cash access which only applies to the TANF program.

    The State will accept combined manuals, plans and reports for SNAP and TANF programs where applicable.

19. Section 3.2.14.4 (page 22): To accommodate responding to requests received on a Friday afternoon, will the State accept the EBT Contractor repairing or replacing malfunctioning or inoperative POS devices within 2 business days rather than 48 hours?

This standard allows for overnight delivery and will impair an exempt retailer or a WIC vendor from processing transactions for a potential 96 hours. Nevada will keep the 48 hour processing time.

20. Section 3.2.15 (page 23): This requirement states that the EBT contractor must charge not-for-profit organizations the same fees paid by the State. However, not-for-profit organizations are typically labeled as Exempt EBT-only retailers. Will the State clarify what fees are currently paid by the State and explain what not-for-profit organizations this would apply to that aren't considered Exempt EBT-only retailers?

    SNAP and TANF do not charge fees. This requirement does not apply to WIC.

21. Section 3.2.16 (page 23): Please confirm that, in compliance with federal regulations, this requirement regarding the provision of retailer phone lines only applies to Exempt EBT-only retailers.

    Yes.

22. Section 3.4.7 (page 29): This section requires that security requirements and evaluation/test procedures are to be included in all solicitation documents and or acquisition specifications. Please elaborate on which specific documents and what type of security information the State is requesting to be included. This is a very broad requirement.

    All solicitation documents such as the RFP response and additional attachments must include security requirements and evaluation/test procedures.

23. Section 4.1.3 (page 33): These instructions state that vendor's responses shall be limited to no more than five (5) pages per task. Will the State clarify what is meant by "task"? Is a task defined at the 4.x requirement level (i.e. for requirement 4.4 and all its subsections, vendors are to respond in no more than five pages)? Or, is a task defined at the 4.x.x.x level (i.e., vendors may use up to 5 pages to respond to 4.4.2.1, 4.4.2.2, 4.4.2.3, etc.)?

    Refer to question 6 of this amendment.

24. Section 4.1.3 (page 33): If vendors are to respond to each task, defined at the 4.x requirement level, will the State confirm it does not intend for vendors to include all requirement language in its 5-page responses? Due to the length of the required activates for some tasks, such as 4.12 which includes 20 pages of requirement language, including that language would obviously exceed the page limits.

    Correct.

25. Section 4.4.2.9 (page 43): This requirement indicates that the State is looking for "a full knowledge transfer to assure that the State can operate the system independently…" Hosted services are not designed for States to operate independently. Hosted services allow States to access the system and use a training session and a training manual. What type of knowledge transfer beyond a training sessions and manuals is the state seeking?

    Manuals and training is sufficient.

26. Section 4.5.2.3.C.4 (page 53): The RFP includes Branded card data in the list of data to be transferred at the end of the contract. Will the State remove the word "Branded" from item C.4 on page 53? Transferring branded cards and data is not an industry standard because the issuing bank owns the account BIN. The industry standard is a spend-down of all funds of the current contractor's system, and new cards are issued by the new contractor's system.

The State will remove the word 'Branded' from C.4.

27. Section 4.5.2.3.C.13 (page 53): Please provide the definition for "ARF Data."

"ARF Data" – Auto-Reconciliation Files: Collects settlement information for direct connect merchants/retailers and creates ARF files for delivery to merchants/retailers.

28. Sections 4.5.3, 4.6.3, 4.7.3, 4.8.2.9, 4.9.3, 4.10.3, 4.11.3, 4.12.3, 4.13.3, 4.15.3, 4.16.3 (various pages): Each of these sections contain deliverable tables which include items that do not specifically lend themselves to a 10-day review process by the State because they are not a documentation or similar type deliverable. For example, what would be reviewed over a 10-day period for Deliverable Number 4.10.3.7 High-Coercivity Magnetic Strip, or Deliverable Number 4.10.3.9 Track 2 Format, or Deliverable Number 4.11.3.7 Establish the EBT Account Number?

Will the State modify these tables to mark items "N/A" that do not actually contain a reviewable deliverable (as the State did in section 4.14.3)?

Yes. The Deliverable sections will be revised as follows.

4.5 PROJECT WIDE SYSTEM TRANSFER AND IMPLEMENTATION			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.5.3.1	System Implementation Tasks	4.5.2.1	***N/A***
4.5.3.2	Risk Management	4.5.2.2	5
4.5.3.3	Contract Closeout Requirements	4.5.2.3	***N/A***

4.6 PROJECT WIDE SYSTEM TESTING			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.6.3.1	Performance Testing	4.6.2.1	***N/A***
4.6.3.2	Vulnerability Testing	4.6.2.2	***N/A***
4.6.3.3	Contingency Testing	4.6.2.3	***N/A***
4.6.3.4	Connectivity Testing	4.6.2.4	***N/A***
4.6.3.5	Interface Testing	4.6.2.5	***N/A***
4.6.3.6	System Testing	4.6.2.6	***N/A***
4.6.3.7	WIC User Acceptance Testing	4.6.2.7	***N/A***
4.6.3.8	SNAP User Acceptance Testing	4.6.2.8	***N/A***
4.6.3.9	TANF User Acceptance Testing	4.6.2.9	***N/A***

4.6 PROJECT WIDE SYSTEM TESTING			
4.6.3.10	User Acceptance Testing	4.6.2.10	***N/A***
4.6.3.11	UAT Test Scripts	4.6.2.11	10
4.6.3.12	Data Conversion for Testing	4.6.2.12	***N/A***
4.6.3.13	UAT Preparation	4.6.2.13	10
4.6.3.14	Training for UAT Participation	4.6.2.14	***N/A***
4.6.3.15	Support for UAT	4.6.2.15	***N/A***
4.6.3.16	Test Error Documentation and Test Reports from UAT	4.6.2.16	10
4.6.3.17	Correction of UAT Errors and Regression Testing	4.6.2.17	***N/A***
4.6.3.18	System's Fail-Over Testing	4.6.2.18	***N/A***
4.6.3.19	Life Cycle Testing	4.6.2.19	***N/A***

4.7 SNAP/TANF TRAINING			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.7.3.1	Training Materials	4.7.2.1	10
4.7.3.2	Cardholder Training Materials	4.7.2.2	10
4.7.3.3	Retailer Training Material	4.7.2.3	10
4.7.3.4	Staff Training Materials	4.7.2.4	10
4.7.3.5	System Training for Functional Areas	4.7.2.5	***N/A***
4.7.3.6	UAT Training	4.7.2.6	***N/A***
4.7.3.7	Systems Operations Training	4.7.2.7	***N/A***
4.7.3.8	Train-the-Trainer	4.7.2.8	***N/A***

4.8 SNAP/TANF HELPDESK/CUSTOMER SERVICE			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.8.3.1	Establishment and Operation of Customer Service for Cardholders, Retailers and Program Staff	4.8.2.1	***N/A***
4.8.3.2	Customer Service Representative Training	4.8.2.2	***N/A***
4.8.3.3	Establishment and Operations of Contractor Provided Hosting Services	4.8.2.3	***N/A***
4.8.3.4	Cardholder Customer Service Requirements	4.8.2.4	10
4.8.3.5	SNAP Retailer Customer Service	4.8.2.5	***N/A***
4.8.3.6	Retailer Customer Service Website	4.8.2.6	10

4.8 SNAP/TANF HELPDESK/CUSTOMER SERVICE			
4.8.3.7	SNAP and TANF State and Local Agency/Office Assistance	4.8.2.7	***N/A***
4.8.3.8	Pay Phones	4.8.2.8	***N/A***

4.9 PROJECT WIDE DISASTER RECOVERY AND SUPPORT			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.9.3.1	Back-up Procedures	4.9.2.1	10
4.9.3.2	Disaster Functionality	4.9.2.2	10
4.9.3.3	Disaster Planning for Cardholder Support	4.9.2.3	***N/A***
4.9.3.4	Disaster Planning for Retailer Support	4.9.2.4	***N/A***
4.9.3.5	Disaster SNAP Purchases	4.9.2.5	***N/A***
4.9.3.6	Disaster Customer Service Support	4.9.2.6	***N/A***

4.10 PROJECT WIDE EBT CARDS			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.10.3.1	Non-Branded EBT Card	4.10.2.1	***N/A***
4.10.3.2	Card Sleeves	4.10.2.2	***N/A***
4.10.3.3	Card Distribution & Inventory Controls	4.10.2.3	***N/A***
4.10.3.4	Card Readers/PIN Devices	4.10.2.4	***N/A***
4.10.3.5	PIN Selection Process	4.10.2.5	***N/A***
4.10.3.6	Card Replacement	4.10.2.6	***N/A***
4.10.3.7	High-Coercivity Magnetic Strip	4.10.2.7	***N/A***
4.10.3.8	Annual Review	4.10.2.8	10
4.10.3.9	Track 2 Format	4.10.2.9	10
4.10.3.10	Primary Account Number (PAN)	4.10.2.10	10
4.10.3.11	Card Security Features	4.10.2.11	10
4.10.3.12	Card Obverse	4.10.2.12	10
4.10.3.13	Card Reverse	4.10.2.13	10
4.10.3.14	EBT Card Production & Management	4.10.2.14	***N/A***
4.10.3.15	Retailer Test Cards	4.10.2.15	***N/A***

4.11 PROJECT WIDE ACCOUNT SET UP AND BENEFIT AUTHORIZATION			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**

4.11 PROJECT WIDE ACCOUNT SET UP AND BENEFIT AUTHORIZATION			
4.11.3.1	Account Set-up and Benefit Authorization	4.11.2.1	10
4.11.3.2	EBT Account Structure	4.11.2.2	10
4.11.3.3	Benefit Types	4.11.2.3	10
4.11.3.4	Exception Transactions	4.11.2.4	10
4.11.3.5	User Identification/Authentication	4.11.2.5	10
4.11.3.6	Set-up EBT Account	4.11.2.6	10
4.11.3.7	Establish the EBT Account Number	4.11.2.7	10
4.11.3.8	EBT Account Maintenance	4.11.2.8	10
4.11.3.9	Maintain EBT Transaction History	4.11.2.9	10
4.11.3.10	Benefit Authorization	4.11.2.10	10

No changes.

Regarding 4.11.3.3 - The State will require D-SNAP benefit type, SNAP replacement benefit type and several Regular SNAP benefit types.

4.12 SNAP/TANF REPORTS AND DATA REQUIREMENTS			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.12.3.1	Electronic Reports	4.12.2.1	10
4.12.3.2	Daily and Monthly Activity Data Files	4.12.2.2	10
4.12.3.3	Standard Reports	4.12.2.3	10
4.12.3.4	Statistical Reports	4.12.2.4	10
4.12.3.5	Data Warehouse	4.12.2.5	10
4.12.3.6	Ad-Hoc Reporting Capability	4.12.2.6	10
4.12.3.7	General Reports	4.12.2.7	10
4.12.3.8	SNAP Specific Reports	4.12.2.8	10
4.12.3.9	TANF Specific Reports	4.12.2.9	10
4.12.3.10	USDA Data Files	4.12.2.10	10

No changes.

4.13 PROJECT WIDE ACCOUNT PROCESSING			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.13.3.1	Benefit Transfers	4.13.2.1	10
4.13.3.2	Pending Account Status	4.13.2.2	10
4.13.3.3	Establishing Benefits	4.13.2.3	10
4.13.3.4	Open and Closed Accounts	5.13.2.4	10
4.13.3.5	Pending Account Purge	4.13.2.5	10

4.13.3.6	Pending Benefit Void	4.13.2.6	10
4.13.3.7	Authorized Representative and Alternate Cardholders	4.13.2.7	10
4.13.3.8	Assign Protective Payees	4.13.2.8	10
4.13.3.9	Create Fraud Investigative Accounts	4.13.2.9	***N/A***
4.13.3.10	Demographic Change Updates	4.13.2.10	10
4.13.3.11	File Transmission Failure	4.13.2.11	10
4.13.3.12	User Security Profiles	4.13.2.12	10
4.13.3.13	Back-up and Contingency Requirements	4.13.2.13	10
4.13.3.14	Inspections, Audits and Investigations	4.13.2.14	10
4.13.3.15	Incident Reporting	4.13.2.15	10
4.13.3.16	SNAP Account Adjustments	4.13.2.16	10
4.13.3.17	Manage Aging Accounts	4.13.2.17	10
4.13.3.18	Expungements	4.13.2.18	10

No changes.

4.15 SNAP/TANF TRANSACTION PROCESSING			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.15.3.1	System Accuracy	4.15.2.1	10
4.15.3.2	Transaction Interchange Specifications	4.15.2.2	10
4.15.3.3	Transaction Processing	4.15.2.3	10
4.15.3.4	Manual SNAP Transactions	4.15.2.4	10
4.15.3.5	SNAP Retailer Transactions	4.15.2.5	10
4.15.3.6	SNAP Transaction Validation	4.15.2.6	10
4.15.3.7	Invalid PIN Attempts	4.15.2.7	10
4.15.3.8	Hold Funds for SNAP	4.15.2.8	10
4.15.3.9	Interoperability Standard	4.15.2.9	10
4.15.3.10	Refunds	4.15.2.10	10
4.15.3.11	Congregate Living Transactions for SNAP	4.15.2.11	10
4.15.3.12	Key Entered SNAP Transactions	4.15.2.12	10
4.15.3.13	Farmers' Market/Direct-Marketing Farmers' Support	4.15.2.13	10
4.15.3.14	ACH Transactions	4.15.2.14	10
4.15.3.15	Returns with SNAP	4.15.2.15	10
4.15.3.16	Paper Vouchers (SNAP Only)	4.15.2.16	10
4.15.3.17	Voucher Clear Transactions (SNAP Only)	4.15.2.17	10
4.15.3.18	Online Purchasing/Internet Shopping	4.15.2.18	10

No

changes.

4.16 SNAP/TANF SPECIFIC REQUIREMENTS PROGRAM			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.16.3.1	TANF Blocking	4.16.2.1	10
4.16.3.2	SNAP Accounting and Reconciliation	4.16.2.2	10
4.16.3.3	TANF Settlement and Reconciliation	4.16.2.3	10

No changes.

29. Section 4.6.2.15 (page 59): Customer Help Desk testing is required during the UAT process. However, prior to a conversion, the Help Desk is not operational. Please clarify what is entailed in the testing of the Customer Help Desk during UAT.

    As part of the UAT, the EBT Contractor shall be prepared to test the Customer Help Desk ARU (if applicable), Participant Web Portal (if applicable) and WIC vendor Web Portal, including, but not limited to, the ability to perform applicable functions, access and retrieve applicable information and files, and upload files. Testers will test the viability of file formats and data contents.

30. Section 4.7.2.3 (page 62) and Section 4.14.2.16.K (page 145): EBT Contractors provide user materials to Exempt EBT-only retailers to whom they provide POS equipment. TPPs provide training and materials to the retailers supported through their integrated systems. Will the State confirm that the EBT Contractor is only required to provide user materials to the Exempt EBT-only retailers they support?

    YES. WIC requires this information for all vendors using stand beside POS devices.

31. Section 4.7.2.3 (page 62): Please clarify the reference to "uploading the vendor claim file." This process is relevant to offline WIC processing.

    "uploading the vendor claim file" – A transaction or a collection of transactions submitted for payment in a single file by a retailer/vendor.

32. Section 4.7.2.7 (page 63) and Section 4.7.2.8 (page 64): We have a proven process and successful track record of training State trainers on the functionality of our system through webinar training sessions. The data elements, information and processes that the staff will be trained on will already be familiar to them since the State has a mature EBT program. Therefore, will the State consider allowing the hands-on training sessions to be conducted via webinar?

    Training via webinar is acceptable.

33. Section 4.8 (page 66) and Section 4.8.2.1.D (page 67): Section 4.8 says help desk calls must be answered from 8 am to 6 pm PT, Monday through Friday at a minimum, which in context

appears to apply to cardholders, retailers and State staff. In Section 4.8.2.1.D, access to live customer service representatives is required 24 hours per day, seven days per week for cardholders and retailers. Would the State please clarify the hours of live customer service support it is seeking for cardholders and retailers?

The State requires 24 hour live customer service support.

34. Section 4.8.2.1.C (page 67): Please confirm that "IVR algorithms" is the same as the IVR call flow and prompts which a caller will hear once they enter a card number.

Yes.

35. Section 4.8.2.1.E (page 67): Please confirm that the State will provide the TTY number.

The Contractor must provide TTY capability to cardholders with hearing disabilities and help desk support for clients using rotary phones. RFP states "Must be provided" see reference above.

36. Section 4.8.2.4 (page 68): Upon receipt of the randomly requested call monitoring session, will the State allow the EBT Contractor 48 hours to establish the call monitoring session?

The State agrees to the 48 hour request.

37. Section 4.8.2.8 (page 72): The title of this requirement is "Pay Phones" however the requirement has to do with toll-free calls paid for by the State. Is the EBT Contractor required to accept calls from pay phones? May the cost of pay phone calls be passed on to the State?

The State currently requires vendor to accept pay phone calls paid for by the State.

38. Section 4.9.2.2 (page 73): The title of this requirement is "Pay Phones" however the requirement has to do with toll-free calls paid for by the State. Is the EBT Contractor required to accept calls from pay phones? May the cost of pay phone calls be passed on to the State?

Refer to question 37 of this amendment.

39. Section 4.10.2.9 (page 84) and Section 4.10.2.10 (page 84): The Track 2 Layout table in Section 4.10.2.9 lists the Discretionary Data field as a 2-digit number, however, the paragraph description in Section 4.10.2.10 says the Discretionary Data field is a three-digit number. Would the State please clarify the correct length of this field?

Discretionary Data field length is 2

40. Section 4.12.2.8 (pages 109 - 110): Within the requirement for ACH Activity Reports, the State has required the inclusion of each retailer's bank account number. Providing such information for all retailers performing transactions on a single report presents a security concern. Please explain the value to the State of including the bank account number.

Not applicable. This requirement is no longer valid.

41. Section 4.13.2.1 (page 114): Is the State currently using the benefit transfer functionality as described in Section 4.13.2.1? If so, what is the monthly volume of transfers?

The State declines to disclose this information.

42. Section 4.13.2.16.D (page 118) and Section 4.15.2.9.B (page 171): Requirement 4.13.2.116.D states, "Nevada does not allow 'holds' may be placed on funds in a cardholder account for system errors." Requirement 4.15.2.9.B states, "B. At the discretion of Program staff, a hold may also be placed on a cardholder's account in anticipation of a potential debit adjustment to the account to correct a system error." Please confirm which requirement is correct.

Nevada does not currently place holds on cardholder accounts.

43. Section 4.14 (page 121): This task 4.14, Nevada WIC Programs Specific Scope of Work, contains more than 40 pages of requirements. Will the State increase the 5-page limit for the required response to this task?

Refer to question 6 of this amendment.

44. Section 4.14.2.13 (page 132): Please clarify the reference to "Nevada EBT and TANF Cash Benefit staff" contained in the second paragraph of this response which is related to WIC EBT settlement and reconciliation.

Requirement should state Nevada EBT staff.

45. Section 4.14.2.13 (page 132): Please clarify the reference to "Cash benefits" in the seventh paragraph of this requirement. Vendors accepting WIC EBT cards will receive settlement funds or the WIC EBT transactions they processed; vendors will not receive "cash benefits".

WIC Vendors receive settlement funds for EBT transactions.

46. Section 4.14.2.17.D (page 148): The Nevada WIC programs do not currently have CSR support provided by the WIC EBT Contractor. Please confirm that CSR support will be required for the Nevada WIC programs under the new contract.

Yes. The Nevada WIC Program currently does have Customer Service Representative (CSR) support and CSR support will be required 24/7 in the new contract as well.

47. Section 4.14.2.17.D (page 148) and 4.8.2.F (page 67): Should CSR support be required for WIC cardholders, it is required to be provided on a 24/7 basis. However, CSR support for SNAP/TANF cardholders is required to be provided 8:00 AM to 6:00 PM Pacific Time Monday through Friday. As this may be confusing to recipients that have both a SNAP/TANF card and a WIC EBT card, will the State agree to make the CSR hours of support 8:00 AM to 6:00 PM Pacific Time Monday through Friday for all programs?

Refer to question 33 of this amendment.

48. Section 4.15.2.12 (page 172): Is the State currently using the congregate living benefit transfer functionality described in item 2 in Section 4.15.2.12? Will the State allow the Contractor to install a POS device in the facility enabling cardholders to pay the facility as they would any other FNS-authorized merchant?

Yes.

49. Section 4.16.2.2 (page 179) and Section 4.16.2.3 (page 180): We understand that the State would like to be able to separate SNAP and TANF settlement and reconciliation activities. The methods, systems, and reports in place to execute settlement and reconcile the programs are nearly identical (with the main difference being the funding methods and a few reconciliation reports) and run concurrently each day (and have for nearly 30 years). With that in mind, it is possible to describe the settlement and reconciliation activities separately for SNAP and TANF, but there seem to be several SNAP requirements that appear in the TANF settlement section (Section 4.16.2.3), while the requirements for SNAP settlement (Section 4.16.2.2) do not include the same level of detail required for TANF settlement and reconciliation. For example, within the TANF settlement section (Section 4.16.2.3) under letter "E," the requirement states that "The EBT contractor shall meet Supplemental Nutrition Assistance Program reconciliation requirements of 7CFR§274.8 and FNS EBT Reconciliation and Settlement Guidance." We request that the State carefully review these sections and combine them into one comprehensive settlement and reconciliation section (while maintaining the request for the EBT contractor to describe the process for each benefit program if that is the information you would like to see). If the State prefers to keep the sections separate, edits should be made to the RFP to ensure the items specific to a benefit program are included in the correct section, and even potentially add a section for items that cover both programs (for example, Section 4.16.2.3, letter "F," which asks the bidder to determine the amount of Federal funds (SNAP benefits) and the amount of State funds (TANF benefits) necessary to reimburse the settlement account). If the State chooses to keep the sections separate, there is the potential to have quite a bit of repeated information submitted by the bidder.

The State has no planned revisions for question 49 at this time.

50. Section 5.1.9 (page 185) and Section 5.1.10 (page 185): Both of these requirements are asking for company background and history related to the provision of services described in the RFP. Please clarify the difference between these two requirements.

Section 5.1.9 is asking for company background/history. Section 5.1.10 is asking for length of time.

51. Section 5.1.11.3 9page 186): Will the State accept the URL to a bidder's most recent Annual Report in response to this requirement for the last two years of Profit and Loss Statements and Balance Statements?

No.

52. 6. (page 193): This section states that proposers may include a narrative to explain their pricing approach or components. Where within their proposals should bidders include such explanations? There does not appear to be an appropriate place within the Excel workbook.

Within vendors response they should refer to the appropriate section they are responding too.

53. Section 6.1 (page 193): Where in their proposals are bidders to include the "detailed backup" that is to be provided for all cost schedules completed, and what type of information is the State seeking in the detailed backup description?

Refer to question 52 of this amendment.

54. Section 6.1.6.3 9 (page 196): Section 9, Optional Services, of tab 6.1.6 Other Associated Costs seems to align to the "Optional EBT fee for services" referenced in this section. Where in their cost proposals are bidders to include "Optional services that may increase or decrease the offered CPCM"?

Refer to question 52 of this amendment.

55. Section 6.1.8.1 (page 197): Requirement 6.1.8.2 requires a firm, fixed hourly rate, which by definition wouldn't change. However, Requirement 6.1.8.1 states that prices quoted for change orders/regulatory changes must remain in effect for six months after the State's acceptance of system implementation, which implies the hourly rates could be modify after six months. Will the State clarify the intent of the short term change request rate?

This statement is to ensure the hourly rate submitted in a vendor's proposal remains in effect until such time a contract is drafted and then becomes binding.

56. Section 9 (page 199): With regard to the RFP Timeline, will the State consider allowing a second round of questions? Bidders often have follow-up questions to the State's responses to the initial set of questions.

Yes. The timeline is revised as follows.

Task	Date/Time
Deadline for submitting questions	8/31/17 @ 12:00 PM
Answers posted to website	On or about 9/12/17
Deadline for submitting round 2 questions	9/22/17 @ 12:00 PM
Answers posted to website	On or about 10/04/17
Deadline for submittal of Reference Questionnaires	No later than 4:30 PM on 11/20/17
Deadline for submission and opening of proposals	No later than 2:00 PM on **11/21/17**
Evaluation period (approximate time-frame)	11/22 ~ 12/13/17
Vendor Presentations (approximate time-frame)	1/8 ~ 1/9/18
Selection of vendor	On or about 1/9/18
Anticipated BOE approval	4/10/18
Contract start date (contingent upon BOE approval)	On or about 6/1/18

57. Section 9 (page 199): Given holiday travel that may still be occurring, will the State consider moving the approximate time frame for Vendor Presentations to the week of January 8, 2018?

Yes. Refer to revised timeline in question 56 of this amendment.

58. Section 10.1.4 (page 200): Will the State confirm the reference to Section 11.3 and 11.5 in this requirement should be 10.3 and 10.5?

Yes.

59. Section 10.2.2.5 (page 202): Does the State intend for vendors to provide responses to RFP Section 3 in their proposal Section V – System Requirements?

Yes.

60. Section 10.2.2.10 (page 202): Please confirm that "Other Informational Material" should be Section X of the bidder's proposal.

Yes.

61. Section 11.1 (page 205): Please provide the number of points available for each criterion provided in the table in this section.

Vendors are scored 1-10.

62. Section 11.1 (page 205): Which specific RFP sections align to the following criteria: (1) Demonstrated competence; (2) Experience in performance of comparable engagements; (3) Conformance with terms of this RFP; and (4) Expertise and availability of key personnel?

Throughout the RFP each criteria will play a role.

63. Section 11.1 (page 205): How will "Demonstrated competence" be determined and scored?

Refer to question 62 of this amendment.

64. Section 11.1 (page 205): Will "Experience in performance of comparable engagements" be evaluated and scored based on bidders' responses to RFP sections 5.1 Vendor Information and 5.2 Subcontractor Information, or will it be based on responses to RFP section 5.3 Business References?

Refer to question 62 of this amendment.

65. Section 11.1 (page 205): Will "Expertise and availability of key personnel" be evaluated and scored based on bidders' responses to RFP sections 3 System Requirements and 4 Project Wide Scope of Work, or will it be based on responses to RFP sections 5.6 through 5.13?

Refer to question 62 of this amendment.

66. Section 11.1 (page 205): Please provide an example of the Cost calculation using realistic numbers and the actual cost points available in the equation provided in this section.

Please refer to Section 11.1 of the RFP.

67. Section 12.3.4 (page 211): EBT Contractors have developed efficient and effective project management processes which include support from highly experienced staff in a centralized location. Mature EBT projects typically do not require EBT Contractor staff to be onsite to run smoothly and within contractual requirements. While key staff and support staff will be available on-site in Carson City as needed, there isn't a need to have project management staff located full time in Carson City. Will the State remove this requirement?

The State modifies this requirement (12.3.4.1) as follows:
"The contractor shall be required to have its project management staff accessible for the duration of the project."

68. Section 12.3.8.1 (page 213): Will the State confirm the reference to section 13.3.8.2 should be 12.3.8.2?

Correct.

69. Section 12.3.8.2 (page 213): Upon receipt of a requested change order, significant effort is required to determine the scope, estimated cost, alternative solutions, testing plans, etc. Would the State modify this requirement to allow for such information to be submitted to the State within 30 days rather than 15 working days of the receipt of the change?

The State agrees to 15 working days or a mutually agreed upon timeframe, depending on the scope of work change.

70. Section 12.3.11.14 (page 217): Will the State confirm the reference to section 13.3.11 should be 12.3.11?

Yes.

71. Section 12.3.12.5 (page 218): Will the State confirm the reference to section 13.3.12.2 should be 12.3.12.2?

Yes.

72. Section 12.3.18.5 (page 220): Will the State confirm the reference to section 13.3.18.2 should be 12.3.18.2?

Yes.

73. Attachment B (page 224): Item 6 of this Vendor Certifications page allows bidders to include exclusions to RFP conditions and provisions and instructions that they are to be provided in writing within the proposal. How will any such exclusions be evaluated and scored?

Refer to question 62 of this amendment.

74. Attachment I (page 1): Will a flash drive be acceptable in lieu of a CD?

Yes.

75. Attachment I (page 1): Within the Cost Proposal Instructions, reference is made to "Attachment L, Cost Proposal Certification of Compliance with Terms and Conditions of RFP," however that document was not provided with the RFP and its attachments. Please provide.

Not applicable.

76. Attachment I (page 10): The second column of the table contained on tab 6.1.2, Dev-Data Conversion Envir, asks for the "Description of Proposed Hardware and/or Software" but the

rows are already pre-filled with "Firm Fixed Price" items. Please clarify what bidders are to include in the rows of this table.

If the vendor has additional information to provide, this information can be documented in the blank lines.

77. Attachment I (pages 13-14): On Tab 6.1.5, Production Environment, the row including the "Subtotal for 6.1.5" is a sum total of each cost item included in the table. However, for each type of equipment both a purchase price and a lease price are included. How will this cost information be evaluated without double counting the equipment cost since the State will either purchase the equipment or lease it but not incur both expenses?

    The State only pays for leases for group living arrangements and does not intend to purchase POS devices as this time.

78. Attachment I (page 14): Regarding Tab 6.1.5, Production Environment, for which programs are the High Speed Embossers intended to be used?

    Please provide, for each program, separate costs for embossed cards and cards without embossing.

79. Attachment I (page 14): Will the High Speed Embossers be needed because the State will further personalize the cards by adding cardholder name in addition to the PAN already included on the card?

    No.

80. Attachment I (page 14): Will the High Speed Embossers be required to integrate to the State's eligibility systems or any other State system?

    No.

81. Attachment I (page 18): On Tab 6.1.6, Other Associated Costs, will the State provide the requirement number where the "basic level of service" is defined as referenced in item 9 EBT Optional Services on this tab?

    If the total number of calls exceeds five (5) times the number of active cases in the month, excluding calls for single call PIN selection/reset, the additional calls may be charged to the State on a per call basis.

    However, should call volume excluding calls for single call PIN selection/reset, exceed five (5) times the number of active cases due to system failures, including inability to access cardholder website, or errors by the EBT Contractor, the five (5) call limit will be waived in that month.

82. Attachment I (page 18): On Tab 6.1.6, Other Associated Costs, in item 9 there is a reference to 300 hours of professional services, however only 200 are required within the RFP technical requirements. Section 4.12.2.5.I requires 100 hours related to changes for the SNAP/TANF data warehouse and Section 4.14.2.18.G.9 references 100 hours related to changes for the WIC data warehouse. Will the State modify this tab to reflect the 200 hours as included in the technical requirements?

Adjust wording to include 300 hours DWSS – 100 hours for WIC

83. Attachment I (page 18): On Tab 6.1.6, Other Associated Costs, will the State clarify what programs and services are to be included in the "Disaster Services" as referenced in item 9?

Would this be in addition to section 4.9 Projected Wide Disaster Recovery and Support?

No. These costs can be listed/detailed in 4.9.

84. Attachment I (page 18): How is "Disaster Services" as referenced on Tab 6.1.6 in item 9 different from 4.9 Project Wide Disaster Recovery and Support included on Tab 6.1.1 Detailed Del Cost Schs?

Refer to question 82 of this amendment.

85. Attachment L, Appendix E (page 2): With regard to Scheduled Maintenance, the requirement is for the maintenance window not to exceed two hours. Due to the need to move code, conduct verifications by multiple parties and complete related internal communications, the maintenance window is typically three hours. In rare instances, the window may need to be as long as five hours. Will the State consider modifying this requirement to allow for maintenance windows of three to five hours?

The requirement gives additional time to the vendor for maintenance if agreed to by the State.

86. Attachment L, Appendix E (page 2): With regard to the 100% standards throughout this Appendix related to settlement, benefit posting and availability, transaction response time, help desks, equipment installations, and retailer access to the system, will the State consider modifying these requirements to 99.8% As written, one mistake in 5 years for any of these requirements could result in a deficiency. There is zero room for error. While we agree that accurate processing and stakeholder support are critical and we strive for 100% accuracy, declaring a deficiency for anything less than 100% accuracy is onerous on the EBT Contractor.

Settlement, benefit posting and availability are set at 100% - no change.

Transaction response time requirement is 100%, however the performance deficiency is 98% - no change.

Customer and Retailer Service Help Desk calls will be changed to 'All Customer Service Representative calls will be answered 99.8% of the time.

Equipment Installation and Access to System states 100%, however this is over a period of 14 calendar days for equipment installation and 30 days for access to the system. – no change.

87. Attachment L, Appendix E (page 3): 100% of Customer Service Representative calls are required to be answered. This standard is not achievable as the EBT Contractor cannot prevent callers from hanging up. As written, the EBT Contractor would be penalized for callers that hang up because they selected the wrong option on the IVR and didn't intend to be transferred to a CSR, or hang up because they have another call coming in, or need to hang up for any of a

number of reasons that are outside of the control of the EBT Contractor. Will the State consider modifying this requirement to take a reasonable call abandonment rate into consideration?

Refer to question 86 of this amendment.

88. Attachment L, Appendix E (pages 3 - 4): Will the State consider modifying item #4 regarding Customer and Retailer Service Help Desks to indicate that a minimum staffing level shall be maintained at all times during designated business hours as mutually defined by the EBT Contractor and the Project Management Team?

Yes.

89. Attachment L, Appendix E (page 4): Will the State modify this requirement to include notice from the SNAP and TANF programs in addition to notice from the WIC Program?

Yes.

90. Attachment L, Appendix E (page 6): With regard to Adhoc reporting and technical support, would the State modify the timeframes in this requirement to be mutually agreed upon? Often, depending on the scope of a request, a request may be fulfilled much quicker than 7 days and other times slightly longer.

Yes.

91. RFP Section 9, pg. 203
RFP Language:
Deadline for submitting questions

Question:
Given the size and scope of this proposal and to ensure that all Vendors understand the RFP requirements completely, will the State consider allowing a second round of questions for follow up?

Possibly due mid-September with answers due around the end of September?

Refer to question 56 of this Amendment.

92. RFP Section 2.1, pg. 5
RFP Language:
The Nevada State WIC Program is located within the Department of Health and Human Services, Division of Public and Behavioral Health. Nevada State WIC serves an average 69,000 monthly participants and 45,000 households per month. WIC services are provided at approximately 46 WIC clinics. The Nevada WIC Program has approximately 243 staff members, of which approximately 225 are working in the local clinics.

Question:
Will the State please provide the case load information for SNAP and TANF for the last 12 months?

FY2017
SNAP Caseload Totals 2,563,852

TANF Caseload Totals 41,902
Combined SNAP-TANF Caseload 70,300

93. RFP Section 2.1, pg. 5
RFP Language:
The Nevada WIC Programs are currently in the process of implementing the Mountain Plain State Consortium (MPSC) State Agency Model (SAM) MIS as the Nevada WIC Programs' certification system.

Question:
When is the current MPSC project expected to be completed?

May 2018

94. RFP Section 3.2.9.1, pg. 18
RFP Language:
The EBT contractor deployed POS terminals, including wireless terminals for farmers' markets.

Question:
How many wireless terminals are currently deployed to farmer's markets?

One (1)

95. RFP Section 4.1.1, pg. 33
RFP Language:
Bids will not be accepted from bidders that choose to bid on only one of the two systems.

Question:
Please confirm that the contracts for EBT and WIC services will be awarded to a single contractor.

Yes, one contractor, two separate contracts.

96. RFP Section 4.1.3, pg. 34
RFP Language:
Vendor's response must be limited to no more than five (5) pages per task not including appendices, samples and/or exhibits.

Question:
Please clarify what is meant by "per task" as it relates to page limits. For example, is RFP Section 4.14 (pg. 123) considered a task? Or is RFP Section 4.14.2.1 (pg. 124) also considered a task?

In our example used above, RFP Section 4.14.2, spans over 17 pages, covers 19 subjects (subsections 4.14.2.1 through 4.14.2.19), with one subsection (4.14.2.18) alone having requirements items A through MM.

Given the variations in length of RFP Sections, would the State consider removing the page limit as long as Vendors are conscious of the brevity of their responses? If not, will the State at least consider revising the page limitation requirement for longer sections?

Refer to question 6 of this amendment.

97. RFP Section 4.1.3, pg. 34
RFP Language:
Vendor's response must be limited to no more than five (5) pages per task not including appendices, samples and/or exhibits.

Question:
Please confirm the 5-page limit only includes our response and does not include the RFP requirements text.

Refer to question 6 of this amendment.

98. RFP Section 3.2.14.3, pg. 22
RFP Language:
The EBT contractor shall be required to deploy POS equipment to authorized retailers that have commercial POS services. If the SNAP staff directs, the EBT contractor shall provide specified retailers with a POS terminal for balance inquiry. There are approximately ten SNAP authorized farmers' markets who utilize an EBT-only device.

Question:
How many POS devices are currently deployed for balance inquiries only?

None.

99. RFP Section 4.9.2.2.E, pg. 76
RFP Language:
E. Vault Cards: If a disaster has been declared, emergency vault cards with pre-assigned PINs shall be shipped via overnight express, on the same day of the State's request, to issuance sites. The State will determine the number of cards required for same day shipment.

Question:
Please provide the number of disaster cards required to be on hand for immediate shipping. Also, please provide the number of disaster cards issued during 2014, 2015 and 2016.

There have been no disasters in NV for those years. We would request between 50,000 and 200,000 depending on the disaster and location.

100. RFP Section 4.10.2.1.B, pg. 81
RFP Language:
The EBT contractor shall be required to provide cards using an updated card design or using the art work from the current design for the Nevada SNAP and TANF cards and for Nevada WIC and ITCN WIC. The EBT Program staff will provide input to the design process for their Programs' cards and reserve the right for prior approval of any changes in the card design or in information printed on the card and card sleeve.

Question:
Is it the State's intent to reissue all cards before implementation or replace cards with the new design through attrition?

Nevada will replace cards with new design through attrition.

Will the current vendor be required to also meet the same requirement?

Yes, if the State chooses to have embossed cards.

101. RFP Section 4.10.2.6, pg. 84
RFP Language:
SNAP/TANF clients may go to a local office to acquire a replacement card or they may contact the EBT contractor to have a replacement card mailed. SNAP/TANF clients must always report a lost/stolen/damaged card to the EBT contractor's IVR for liability purposes.

Question:
Can the State provide the statistics for the number of card replacements occurring in local offices and those replaced by the current contractor over the last 12 month period?

Approximately 330,000 over the counter replacement cards and approximately 40,000 mailed replacement cards.

102. RFP Section 4.11, pg. 89
RFP Language:
Nevada EBT programs generate the account set-up and benefit authorization files and records by benefit type based upon activity occurring within the Programs' certification/eligibility systems.

Question:
Please provide the record formats for EBT account set-up and benefit authorization files.

For WIC:

For information regarding required data formats for exchange of data, please contact the Mountain Plains User Group Project Management Organization Team at mp-ug-pmo@maximus.com .

For DWSS:

Demographic Header Record

Field #	Description	Length	Field Position	Type	Comments	R/O
1	Record Type	2	1-2	X	"HD"	R
2	Transaction Type	8	3-10	X	"NVCCUPDT" - Daily Demographics	R
3	Date	8	11-18	9	CCYYMMDD	R
4	Time	8	19-26	9	HHMMSSSS	R
5	Control Number	6	27-32	9	Incremented by 1 each time sent. Unique to transaction type.	R
6	State ID	2	33-34	9	"NV"	
7	Reserved for State	25	35-59	X		R

Field #	Description	Length	Field Position	Type	Comments	R/O
6	Filler	237	60-296	X	Reserved for J.P. Morgan use.	R
8	Response Code	4	297-300	X	Initialize to "0000"—no errors Batch level error codes will be returned.	R

Record Length – 300 characters

Demographic Detail Record

Field #	Description	Length	Field Position	Type	Comments	R/O
1	Record Type	2	1-2	X	"DT"	R
2	Action Code	2	3-4	X	▪ 01 - New Account Setup/Change (Primary/Alternate Indicator = 01) ▪ 05 - New Authorized Rep/Alternate Payee (Primary/Alternate Indicator = 02 or 03)	R
3	State-unique Identifier	13	5-17	X	Left justified—My Person ID (9 position numeric treated as alpha) used by Nevada Must be unique statewide.	R
4	Primary/ Alternate Indicator	2	18-19	X	▪ 01 = Primary ▪ 02 = Authorized Representative ▪ 03 = Alternate Payee	R
5	Cardholder Access	1	20	X	▪ 0—Prohibited from all ▪ 1—SNAP (cardholder may access SNAP account, but not cash) ▪ 2—Cash (cardholder may access cash account, but not SNAP account) ▪ 3—Both (cardholder may access either the SNAP or the cash account)	R
8	Social Security Number	9	21-29	9	Must be numeric. If SSN is not known, zeros will be sent. SSN will be used as the second security identifier for IVR PIN selection. ▪ AR SSN = AR SSN ▪ PP SSN = PP SSN	R
9	Telephone	10	30-39	9	If available must be numeric; if not known, zeros will be sent	O
10	First Name	20	40-59	X	Alpha characters or spaces only. No special characters.	R
11	Middle Initial	1	60	X	Alpha characters or spaces only. No special characters.	O
12	Last Name	30	61-90	X	Alpha characters, spaces and hyphens only. No special characters. Jr. or Sr. may be part of last name or	R

Field #	Description	Length	Field Position	Type	Comments	R/O
					first name.	
13	Address-1	30	91-120	X	First line may be blank. J.P. Morgan must look for both lines; one line must be present.	O
14	Address-2	30	121-150	X	Special characters may be used if this address line used.	R
15	City	25	151-175	X	Note: City & State reside in same address line in the eligibility system and will separate out.	R
16	State	2	176-177	X	Two-digit state postal code.	R
17	Zip	9	178-186	X	Must be either 9 numeric characters or 5 numeric characters followed by 4 spaces.	R
18	Field Office Code	5	187-191	X	ROCC=Reg. Office, county	R
19	Date of Birth	8	192-199	9	CCYYMMDD	R
20	Card/PIN Issuance Code	1	200	X	▪ "1" – Original issuance ▪ "9" – Do not issue card (used if a demographic change is being requested but a new card should not be mailed.)	R
21	Drop Ship Code	1	201	X	▪ N—No ▪ Y—Yes (not used by Nevada currently)	O
22	Language Indicator	1	202	X	▪ E—English ▪ S—Spanish	R
23	Reserved for State	25	203-227	X		R
24	Filler	65	228-292	X	Reserved for J.P. Morgan – blank fill.	R
25	Error	4	293-296	X	Error codes.	R
26	Response Code	4	296-300	X	0000—no errors. Must be initialized to “0000”. Batch level error codes will be returned.	R

Record length – 300 characters

Demographic Trailer Record

Field #	Description	Length	Field Position	Type	Comments	R/O
1	Record Type	2	1-2	X	"TR"	R
2	Transaction Type	8	3-10	X	Must match header.	R
4	Date	8	11-18	9	Must match header.	R
5	Time	8	19-26	9	Must match header.	R
3	Control Number	6	27-32	9	Must match header.	R
6	Total Detail Records	6	33-38	9	Total number of detail records.	R

Field #	Description	Length	Field Position	Type	Comments	R/O
7	Reserved for State	25	39-63			O
8	Filler	233	64-296	X	Reserved for J.P. Morgan use.	R
9	Response Code	4	297-300	X	"0000" – no errors.	R

Record length – 300 characters

Benefit Header Record

Field #	Description	Length	Field Position	Type	Comments	R/O
1	Record Type	2	1-2	X	"HD"	R
2	Transaction Type	8	3-10	X	NVFSBEUP (daily FS) NVCSBEUP (daily Cash) NVFSBERP (daily FS benefit repayment) NVCSBERP (daily Cash benefit repayment)	R
3	Date	8	11-18	9	CCYYMMDD	R
4	Time	8	19-26	9	HHMMSSSS	R
5	Control Number	6	27-32	9	Incremented by 1 each time sent. Unique to transaction type.	R
6	State ID	2	33-34	X	Must be "NV"	R
7	Reserved for State>	15	35-49	X		R
8	Profile Number	9	50-58	9	▪ 320010001 – Food Stamps ▪ 320020001 – Cash	R
9	Filler	78	59-136	X	Reserved for J.P. Morgan use.	R
10	Response Code	4	97-100	X	Initialize to "0000" (no errors). Batch level error codes will be returned.	R

Record Length – 140 characters

Benefit Detail Record

Field #	Description	Length	Field Position	Type	Comments	DT 01
1	Record Type	2	1-2	X	"DT"	
2	Action Code	2	3-4	X	▪ “01” = Update/ Post / Pend ▪ “02” = Pending Void ▪ “03” = Batch Unpost/Repayment	R
3	Benefit Type	6	5-10	X	See *DWSS Benefit Types (Batch Benefit File)* on page **Error! Bookmark not defined.**. Field will be left justified, right blank filled	R
4	Credit/ Debit Indicator	2	11-12	X	▪ “CR” = Credit for action code “01” ▪ “DB” = Debit for action codes “02” & “03”	R

Field #	Description	Length	Field Position	Type	Comments	DT 01
5	State Unique ID	13	13-25	X	Left justified—My Person ID (9 position numeric treated as alpha) used by Nevada Must be unique statewide.	R
6	Issued Benefit Amount	7	26-32	9(5)V99		R
7	Available Date	8	33-40	9	CCYYMMDD—Mandatory for next day issuance	R
8	Benefit Period Date	6	41-46		CCYYMMDD (month of benefit payment)	
9	Authorization Number	16	47-62	X	Left justified ▪ FS = YY+7 digit unique sequence. ▪ CA = 8 pos sequential (SNAP and cash EBT Authorization Numbers must be mutually exclusive and always unique intra- and inter-program.)	R
10	Field Office Code	5	63-67	X	Nevada local office code.	
11	Reserved for State use	15	68-82	X	Audit Batch Number—7 bytes right justified echo back to Nevada; 2 bytes, left justified, Caseload	
12	Filler	50	83-132	X	Set field to blanks.	R
13	Error Code	4	133-136	X	Error codes	R
14	Response Code	4	137-140	X	0000 = no errors Must be initialized to “0000”. Batch level error codes will be returned here.	R

Record Length – 140 characters

Benefit Trailer Record

Field #	Description	Length	Field Position	Type	Comments	R/O
1	Record Type	2	1-2	X	"TR"	R
2	Transaction Type	8	3-10	X	Must match header.	R
3	Date	8	11-16	9	Must match header.	R
4	Time	8	17-24	9	Must match header.	R
5	Control Number	6	25-32	9	Must match header.	R
6	Credit Count	6	33-38	9	Total "add" detail records.	R
7	Debit Count	6	39-44	9	Total benefit void and/or repayment records.	R
8	Credit Amount	10	45-54	9(9)V99	Total dollars for all credit records.	R
9	Debit Amount	10	55-64	9(9)V99	Total dollars for all benefit void and/or repayment records.	R
10	Total Detail	6	65-70	9	Total count of all detail	

Field #	Description	Length	Field Position	Type	Comments	R/O
	Records				records	
11	Reserved for State	15	71-85	X	Audit Batch Number—7 bytes right justified ECHO back to Nevada; 2 bytes, left justified, Caseload	
12	Filler	51	86-136	X	Reserved for J.P. Morgan use	R
13	Response Code	4	137-140	X	"0000" - no errors. Must be initialized to "0000". Batch level error codes will be returned.	R

Record length – 140 characters

Benefit Aging Header Record

Field #	Description	Length	Field Position	Type	Comments	R/O
1	Record Type	2	1-2	X	"HD"	R
2	Transaction Type	8	3-10	X	"NVINACTV"	R
3	Date	8	11-18	9	CCYYMMDD	R
4	Time	8	19-26	9	HHMMSSSS	R
5	Control Number	6	27-32	9	Incremented by 1 each time sent. Unique to transaction type. Must match trailer	R
6	State ID	2	33-34	X	NV	R
7	Filler	187	35-221	X	Reserved for J.P. Morgan use.	R

Record Length – 221 characters

Benefit Aging Detail Record

Field #	Description	Length	Field Position	Type	Comments	R/O
1	Record Type	2	1-2	X	"DT"	R
2	Action Indicator	1	3	9	▪ 1 = Inactive ▪ 2 = Dormant ▪ 3 = Expunged	R
3	Program Code	2	4-5	X	▪ 01 = SNAP ▪ 02 = Cash	R
4	State Unique Identifier	13	6-18	X	Left justified—My Person ID (9 position numeric treated as alpha) used by Nevada Must be unique statewide	R
5	SSN	9	19-27	9	▪ Always head of household SSN. ▪ Cannot be spaces.	R

Field #	Description	Length	Field Position	Type	Comments	R/O
					▪ Cannot be all zeros.	
6	First Name	20	28-47	X	Alpha characters or spaces only; no special characters	R
7	Last Name	30	48-77	X	Jr. or Sr. is part of last name	R
8	Card Number	16	78-93	9		R
9	Last Debit Transaction	8	94-101	9	Date of last debit transaction, CCYYMMDD	
10	Last Benefit Deposit	8	102-109	9	Date of last benefit deposit, CCYYMMDD	
11	EDA	12	110-121	9		R
12	Account Balance	7	122-128	S9(5)V99	For Inactive and Dormant Records (Action Indicators 01 and 02), this field will reflect the account balance). For Expunged Records (Action Indicator 03), this field will reflect the amount expunged for the Grant reported.	R
13	Dormant Date	8	129-136	9	CCYYMMDD For Inactive Records (Action Indicator 01), this field will be blank).	R
14	Expunged Date	8	137-144	9	CCYYMMDD For Inactive and Dormant Records (Action Indicators 01 and 02), this field will be blank). For Expunged Records (Action Indicator 03), this field will show the date that the reported grant was expunged.	R
15	Auth. Number	20	145-164	X	This field will only be populated for Expunged Records (Action Indicator 03); otherwise it will be blank	N/A
16	County Code	5	165-169	X		R
17	Filler	52	170-221	X	Reserved for J.P. Morgan use	N/A

Record Length – 221 characters

Benefit Aging Trailer Record

Field #	Description	Length	Field Position	Type	Comments	R/O
1	Record Type	2	1-2	X	"TR"	R
2	Transaction Type	8	3-10	X	"NVINACTV"; must match header.	R
3	Date	8	11-18	9	CCYYMMDD; must match header.	R
4	Time	8	19-26	9	HHMMSSSS; must match header.	R
5	Control Number	6	27-32	9		R
6	Number of Detail Record	6	33-38	9	Total count of detail records.	R
7	Filler	183	39-221	X	Reserved for J.P. Morgan use.	N/A

Record Length – 221 characters

103. RFP Section 4.14.2.5, pg. 125
RFP Language:
Specific identifying and demographic data elements… no changes can be made to the Nevada WIC Programs' MIS, therefore the EBT contractor shall use the existing data formats for the exchange of data unless otherwise stipulated by the WIC Programs.

Question:
Please provide the required data formats referenced in this RFP requirement?

For information regarding record formats for WIC account set-up and benefit authorization files, please contact the Mountain Plains User Group Project Management Organization Team at mp-ug-pmo@maximus.com .

104. RFP Section 4.14.2.10, pg. 126
RFP Language:
To establish the EBT account and post benefit authorizations, the WIC Programs' MIS system transmits account set-up and benefit authorization files and records to the EBT contractor through on-line, host-to-host file transmission.

Question:
Please provide the record formats for WIC account set-up and benefit authorization files.

During the MIS transition process, the Nevada WIC Program decided not to employ PIN selection terminals during implementation. Therefore, none are in use at this time.

105. RFP Section 4.14.2.16, pg. 144
RFP Language:
The EBT contractor shall provide a User Guide to assist staff in local offices/clinics, and a Tip Sheet to provide staff with an easy reference for EBT operations, including use of the PIN selection terminals.

Question:

Please provide the current volume of PIN select devices deployed to WIC clinics?

None.

106. RFP Section 4.16.2.2, pg. 183
RFP Language:
The draw of Federal funds to settle SNAP benefit transactions is completed directly via U.S. Treasury's Automated Standard Application (ASAP) system by either the EBT contractor or the SNAP staff.

Question:
Please clarify if the contractor is allowed to send an ACH debit to their account for TANF and WIC funds respectively. Please confirm that TANF and WIC funds settlement follow the same process as SNAP fund settlement.

TANF expenditures involve the State Treasurer's Office – they do not follow the same process as SNAP.

WIC EBT Settlement, Transaction Processing and Reconciliation is addressed in 4.14.2.13 of the RFP.

107. Q#17, RFP Section 4.16.2.2, pg. 183
RFP Language:
The draw of Federal funds to settle SNAP benefit transactions is completed directly via U.S. Treasury's Automated Standard Application (ASAP) system by either the EBT contractor or the SNAP staff.

Question:
Please confirm that the EBT contractor may draw the SNAP funds from ASAP directly.

Yes, this is correct.

108. RFP Section 5.1.11, pg. 189
RFP Language:
Financial information and documentation to be included in accordance with Section 11.5, Part III – Confidential Financial Information.

Question:
Please confirm that non-confidential financial information should be included as part of the main Technical Proposal.

Correct.

109. RFP Section 10.1.10, pg. 204
RFP Language:
For ease of evaluation, the technical and cost proposals shall be presented in a format that corresponds to and references sections outlined within this RFP and shall be presented in the same order. Written responses shall be in bold/italics and placed immediately following the applicable RFP question, statement and/or section.

Question:

Vendor responses require extensive answers that include visual elements such as tables and graphics. Can Vendors use their own proposal template (fonts and formatting) if all RFP text is preserved and responses are clearly distinguishable from the RFP text?

Vendors are to use the RFP template provided.

If Vendors can use their own template, will the State delete the "bold/italics" font requirement? Bold/Italics font may not be necessary if using a Vendor's template and regular text may be easier to read.

No.

110. RFP Section 10.1.10, pg. 204
RFP Language:
For ease of evaluation, the technical and cost proposals shall be presented in a format that corresponds to and references sections outlined within this RFP and shall be presented in the same order. Written responses shall be in bold/italics and placed immediately following the applicable RFP question, statement and/or section.

Question:
If Vendors must respond directly within the State's RFP document, should Vendors include their name on each page and/or other information to distinguish their submission from other vendors?

Vendors may choose to put their name on each page, but it is not a requirement.

Also, please confirm that we only return the portions of the RFP that require a response and we are not expected to return the entire RFP document.

Correct.

111. RFP Section 10.2.2, pg. 205
RFP Language:
Vendors shall provide one (1) PDF Technical Proposal file that includes the following:

Question:
Are Vendors permitted to include short Transmittal Letter at the start of our Technical Proposal response?

Yes.

112. RFP Sections 1.2 and 9, pgs. 5 and 203
RFP Language:
RFP Section 1.2 states: The anticipated contracts start date is approximately June 30, 2018.

RFP Section 9 states that the contract start date is on or about 6/1/2018.

Question:
Please verify if the appropriate contract start date June 1 or June 30, 2018.

Anticipated contract start date is on or about June 1, 2018 to begin the potential conversion process. The State expects the system should be fully converted/implemented within six (6) months of the contract start date.

113. RFP Sections 5.2.1.4 and 5.3.2, pgs. 190 and 191
RFP Language:
Business references as specified in Section 5.3, Business References shall be provided for any proposed subcontractors.

Question:
Please confirm that business references (RFP Attachment E) for subcontractors should support the services they are providing on this contract and not focused on the items listed in RFP Section 5.3.2.

Correct.

114. RFP Attachment B, Item 6, pg. 229
RFP Language:
All conditions and provisions of this RFP are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion shall be in writing and included in the proposal at the time of submission.

Question:
If a Vendor would like to submit any exceptions to the RFP, where should Vendors include them with their proposal? Should they be placed in Proposal Section XI, Other Proposal Material?

Refer to question 14 of this amendment.

115. RFP Attachment I, First Tab – Cost Proposal Instructions
RFP Language:
3. Tab III - Cost Proposal Certification of Compliance with Terms and Conditions of RFP
B. Proposers must include Attachment L, Cost Proposal Certification of Compliance with Terms and Conditions of RFP for Section 6, Project Costs within this section.

Question:
Within Attachment I, the first tab of the Excel workbook (Cost Proposal Instructions) references Tab I, II, and III. Tab III (Attachment L) doesn't seem to be related to cost or is an incorrect reference.

Should Vendors disregard the reference to Tab III and respond to the requirements in RFP Section 6 for their Cost Proposal submission?

Refer to question 75 of this amendment.

116. RFP Appendix E, pg. 3
RFP Language:
Customer and Retailer Service Help Desks:
1. All (100%) Customer Service Representative calls will be answered.

Question:
Will the State consider revising #1 to read "All (100%) Customer Service Representative calls will be answered? Calls abandoned within 2 minutes will not be counted towards unanswered calls."

Refer to question 86 of this amendment.

117. RFP Attachment L, pg. 237
RFP Language:
Agency Appendices

Question:
Please confirm that these Appendices are for Vendor reference only and are not required to be included in the Vendor's response.

Correct. However, the vendor needs to review and acknowledge the information within these documents as part of the requirements/deliverables they are responding to.

118. RFP Section 12.2.1.1, pg. 213
RFP Language:
All contractor personnel assigned to the contract shall have a background check from the Federal Bureau of Investigation pursuant to NRS 239B.010. All fingerprints shall be forwarded to the Central Repository for Nevada Records of Criminal History for submission to the Federal Bureau of Investigation.

Question:
Our company typically performs projects of this type through a combination of: 1) fully-dedicated on-site staff that are assigned to the project as Full-Time Equivalents (FTEs), and 2) non-dedicated staff resources that support multiple client engagements in a multi-tenant environment, and that typically work remotely. NRS 239B.010, the statute cited in RFP Section 12.2.1.1, appears to apply to persons with whom the state is entering into an employment relationship or a contract for personal services.

Would the State allow the selected vendor to meet the specific requirements of NRS 239B.010 for designated project employees, but allow a more general background check to be conducted for non-dedicated resources working outside of the State?

All contractor staff with access to DWSS data and/or systems must comply with all background check requirements and meet all provisions of the law (NRS).

119. RFP Section 4.14.2.10.A, pg. 124
RFP Language:
WIC Account Structure

Question:
Please confirm that ITCN WIC program will be using the same MPSC MIS as Nevada State WIC and whether it will use the same network and be hosted in the same data center used by Nevada State WIC.

The Nevada WIC Program and the ITCN WIC Program are separate systems which use the same servers and are hosted in the same data center. However, each program has its own data bases with no interconnectivity between programs.

120. RFP Section 4.14.2.14.A.7, pg. 135
RFP Language:
The food item is in the appropriate APL, (if a Nevada State WIC Program card, their APL and if an ITCN WIC Program card, the ITCN WIC APL) and only eligible foods for that cardholder and in amounts remaining in the current benefit for that card.

Question:
Please clarify whether the Nevada State WIC Program and ITCS WIC Program will use the same food list and APL or if separate approved product data will be submitted by each program and must be managed separately including the generation of separate APL files.

The Nevada WIC Program and the ITCN WIC Program have separate food lists and separate APL files submitted by each program which are managed individually. However, the food lists and separate APL files mirror each other.

121. RFP Section 4.14.2.14.B, pg. 135
RFP Language:
Adjustment for NTE

Question:
Please clarify whether NTE values for the Nevada State WIC Program and ITCS WIC Program will be the same or if each set of peer groups and NTE values must be maintained individually.

The Nevada WIC Program and the ITCN WIC Program have separate peer groups and NTE values must be maintained individually for each program. However, the peer groups and NTE values mirror each other.

122. General
Question:
Vendor seeks to understand the State's contracting needs and flexibility. Would the State please provide a list of the exceptions to the State's terms and conditions that were granted to the current vendor in the current contract?

The State declines. As previous exceptions to the current contract are not relevant to this RFP.

123. RFP Section 7.1.1, pg. 201
RFP Language:

Upon review and acceptance by the State, payments for invoices are normally made within 45 – 60 days of receipt, providing all required information, documents and/or attachments have been received.

Question:
Vendor seeks regularly and timely payments in order to meet its own financial obligations to all working on this project. Will the State agree to pay all uncontested invoice within 30 calendar days of receipt?

The State makes every effort to pay invoices within 30 calendar days, however reserves the right to retain the standard of 45 – 60 days of receipt.

124. RFP Attachment C, Contract Form, 21, pg. 7
RFP Language:
STATE OWNERSHIP OF PROPRIETARY INFORMATION. Any data or information provided by the State to Contractor and any documents or materials provided by the State to Contractor in the course of this Contract ("State Materials") shall be and remain the exclusive property of the State and all such State Materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract.

Question:
In light of clauses such as this, the Vendor respectfully seeks to clarify that the scope of work is for services and not for software creation or licensing. Will the State please confirm that we are providing services and not creating software for the State or licensing software to the State?

Yes.

125. RFP Section 12.3.5, pg. 216
RFP Language:
Inspection/Acceptance of Work

Question:
In Vendor's experience, acceptance protocols are important for the success of the project. Is the State willing to negotiate a mutually-acceptable set of acceptance protocols?

If the vendor's system meets the documented requirements, the State will agree to negotiate a mutually acceptable set of acceptance protocols.

126. RFP Appendix E, Performance Standards
Question:
Will the State agree to excuse nonperformance under certain conditions, such as when program processes are changed at the request of the Client, and such changes adversely affect Vendor's ability to perform in accordance with the service levels? Or when any stated assumptions on which a performance goal is based turn out not to have been correct? Or when a failure is due to the acts or omissions of Client or third parties outside of Vendor's reasonable control?

Depending on the cause of nonperformance, the State agrees to review and negotiate a mutually agreed upon compliance solution for failing to meet performance standards.

127. RFP Appendix E, Performance Standards
Question:
In order to offer the best possible price, vendor respectfully requests a cap on liquidated damages consistent with industry standards and reasonable apportionment of risk on programs of similar size and complexity.

Will the State agree to cap all liquidated damages at $10,000 per month?

This should be referred to as remedies and the State will stay with the current language regarding the remedies section.

128. RFP Appendix E, Performance Standards
Question:
Vendor respectfully seeks a balanced and equitable penalty/credit structure that incentivizes good performance in addition to disincentivizing poor performance.

Just as the State penalizes the vendor for performance below the standard, would the State consider granting the vendor credits for performing above the standard, which credits could then be converted into bonuses or used to offset any later penalties?

No.

129. RFP Attachment C, Contract Form, Item 10.C.1 and 10.C.4, pgs. 3 and 4
RFP Language:
1) If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or

4) If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or

Question:
Vendor respectfully requests that in accordance with industry standards, common business practice, and the principles of equity and fairness, vendor be granted this opportunity to correct any alleged default prior to termination.

Will the State agree to provide Vendor with a cure period of 30 days prior to any cancellation for cause?

Review the contract under section 10-D Time to correct

130. RFP Attachment C, Contract Form, Item 8, pg. 2
RFP Language:
BILLING SUBMISSION: TIMELINESS. The parties agree that timeliness of billing is of the essence to the Contract and recognize that the State is on a Fiscal Year. All billings for dates of service prior to July 1 must be submitted to the State no later than the third Friday in July of the same calendar year. A billing submitted after the third Friday in July, which forces the State to process the billing as a stale claim pursuant to NRS 353.097, will subject Contractor to an administrative fee not to exceed one hundred dollars ($100.00). The parties hereby agree this is a reasonable estimate of the additional costs to the State of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to Contractor.

Question:
For clarification, would the State please confirm that, as used herein, "Time is of the essence" is defined to mean that Vendor will adhere to the mutually agreed-upon schedule for performance and not that any tardiness, no matter how de minimis, is grounds for termination?

That refers to timeliness of billing and the State is on a Fiscal Year schedule.

131. RFP Attachment C, Contract Form, Item 10.A, pg. 3
RFP Language:

Termination Without Cause. Regardless of any terms to the contrary, this Contract may be terminated upon written notice by mutual consent of both parties. The State unilaterally may terminate this contract without cause by giving not less than three hundred sixty five (365) days' notice in the manner specified in Section 4, Notice. If this Contract is unilaterally terminated by the State, Contractor shall use its best efforts to minimize cost to the State and Contractor will not be paid for any cost that Contractor could have avoided.

Question:
Vendor respectfully requests that in the event of any termination for reasons other than default by Vendor, the State reimburse Vendor for the unamortized costs of investments that Vendor undertook in reliance on its agreement with the State.

Will the State agree to compensate Vendor for any unamortized costs and reasonable wind-down costs in the event that the State cancels for any reason other than vendor default?

Since there is no contract at this time, the State is unable to answer this question.

132. RFP Attachment C, Contract Form, Item 12, pg. 4
RFP Language:
LIMITED LIABILITY. The State will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the Fiscal Year budget in existence at the time of the breach. Contractor's tort liability shall not be limited.

Question:
In order to offer the best possible price, Vendor respectfully requests a cap on liability consistent with industry standards and reasonable apportionment of risk on programs of similar size and complexity.

Will the State consider capping Vendor liability at an amount equal to the total amount that the customer has paid the Vendor in the 12 months prior to the relevant incident?

Refer to question 131 of this amendment.

133. RFP Attachment C, Contract Form, Item 13, pg. 4
RFP Language:
FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

Question:
While acts of God and civil disturbance should indeed provide relief to both parties, we respectfully suggest that the broader principle of forces beyond the party's control is apt and common in the industry.

Would the State consider the addition of "forces beyond the reasonable control of the other party" to the force majeure clause?

Refer to question 131 of this amendment.

134. RFP Attachment C, Contract Form, Item 13, pg. 4
RFP Language:
FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

Question:
Vendor is firmly committed to implementing the program as scheduled. The State's agreeing to this will have only positive effects for the success of the project.

Will the State consider compensating vendor for any unrecoverable costs incurred by delay of the program due to acts or omissions of the State?

Refer to question 131 of this amendment.

135. RFP Attachment C, Contract Form, Item 14, pg. 5
RFP Language:
INDEMNIFICATION AND DEFENSE. To the fullest extent permitted by law, Contractor shall indemnify, hold harmless and defend, not excluding the State's right to participate, the State from and against all liability, claims, actions, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs, arising out of any breach of the obligations of Contractor under this contract, or any alleged negligent or willful acts or omissions of Contractor, its officers, employees and agents. Contractor's obligation to indemnify the State shall apply in all cases except for claims arising solely from the State's own negligence or willful misconduct. Contractor waives any rights of subrogation against the State. Contractor's duty to defend begins when the State requests defense of any claim arising from this Contract.

Question:
In accordance with equitable principles and industry standards, Vendor respectfully requests that its indemnification liability be commensurate to its failure to perform in accordance with its contractual duties.

Will the State consider limiting vendor liability to damages directly resulting from vendor's own negligent acts or omissions?

Refer to question 131 of this amendment.

136. RFP Attachment C, Contract Form, Item 17, pg. 6
RFP Language:
COMPLIANCE WITH LEGAL OBLIGATIONS. Contractor shall procure and maintain for the duration of this Contract any state, county, city or federal license, authorization, waiver,

permit qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor shall provide proof of its compliance upon request of the Contracting Agency. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and NRS 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract.

Question:
Vendor respectfully submits that risk and costs be equitably apportioned for unforeseen and unforeseeable future changes in law.

Will the State agree to share equally with vendor new costs arising from unforeseen changes in the law?

Refer to question 131 of this amendment.

137. RFP Attachment C, Contract Form, Item 21, pg. 7
RFP Language:
STATE OWNERSHIP OF PROPRIETARY INFORMATION. Any data or information provided by the State to Contractor and any documents or materials provided by the State to Contractor in the course of this Contract ("State Materials") shall be and remain the exclusive property of the State and all such State Materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract.

Question:
Vendor respectfully seeks confirmation that title to intellectual property that Vendor or third parties have developed prior to or independently of this project will be sufficiently protected.

Does the State agree that all intellectual property developed prior to or independently of this project shall continue to be owned by vendor or any relevant third parties?

Refer to question 131 of this amendment.

ALL ELSE REMAINS THE SAME FOR RFP 3292.

Vendor must sign and return this amendment with proposal submitted.

Vendor Name:	Conduent State & Local Solutions, Inc.
Authorized Signature:	Michael P. Cerone
Title:	Vice President Date: 11/14/2017

This document must be submitted in the "State Documents" section/tab of vendors' technical proposal.

State of Nevada
Department of Administration
Purchasing Division
515 E. Musser Street, Suite 300
Carson City, NV 89701

Brian Sandoval
Governor

Jeffrey Haag
Administrator

SUBJECT:	Amendment 2 to Request for Proposal 3292
RFP TITLE:	Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project
DATE OF AMENDMENT:	October 3, 2017
DATE OF RFP RELEASE:	August 16, 2017
OPENING DATE:	November 21, 2017
OPENING TIME:	2:00 PM
CONTACT:	Ronda Miller, Procurement Staff Member

The following shall be a part of RFP ***3292.*** If a vendor has already returned a proposal and any of the information provided below changes that proposal, please submit the changes along with this amendment. You need not re-submit an entire proposal prior to the opening date and time.

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1. Can the state please provide current call volume statistics broken down by audience for customer service/help desk?

   SNAP/TANF: Approximately 330,000 client calls per month are received via the ARU and approximately 8,300 calls to the call center. For retailers, approximately 50 calls received per month.

   WIC: Approximately 37,000 client calls and 14 vendor calls per month in the last year.

2. Section 4.1.3 and page 33 of the RFP. Question 6 of Amendment 1.

   Vendor's response must be limited to no more than five (5) pages per task not including appendices, samples and/or exhibits Response from State: Vendor's response must be limited to no more than five (5) pages per task not including appendices, samples and/or exhibits

   Please define what level is subject to the 5 page limit? For example, is 4.3 limited to 5 pages or is it at the subsection level i.e. 4.3.1 or 4.3.1.1? Response from State: Each section is limited.

   Each task is listed as an activity. (4.4.1; 4.4.2)

3. In the response to Questions for Question 6, the State replied that "Each section is limited." Are bidders to assume that means that Section 4.3 in it's entirety is limited to five pages? Can the State please provide an example for consistency among bidders because some bidders could consider a section to be 4.3 and others could consider it to be 4.3.1.

   Refer to question 2 of this amendment.

4 Section 4.5.2.3(D.5) and page 53 of the RFP. Question 8 of Amendment 1 The original question was with regards to the State purchasing POS devices from the EBT vendor. In the response to Questions for Question 8, the State did not clearly respond to the question asked which is if the State decides to purchase the POS terminals (which was stated as an option in the original requirement) if the State was only purchasing the hardware and not the software since software for POS devices is proprietary to the individual bidder. Can the State please respond to that question?

The State recognizes the exempt terminals software manages EBT transactions only.

The POS devices that are purchased, the vendor is responsible to make available a suite of products for purchase through the vendor.

5. Section 4.13.2.3 (C&D) and pages 114-115 of the RFP. Question 11 and 12 of Amendment 1 Prefunded Cash benefits and pooling of benefits. In the response to Questions for Questions 11&12, the State indicated that they do not currently have prefunded cash benefits. Since prefunded cash benefits are generally not issued on an EBT card can the State please explain the circumstances under which they will issue prefunded cash benefits? If the State is not planning on issuing prefunded cash benefits prior to transition, will the State allow bidders to price this as an optional service so that the costs of managing Regulation E compliance since the requirements for compliance with Regulation E are significant and could greatly impact overall case month pricing?

Yes.

6. Section 9 and page 199 of the RFP. In the response to Questions, for Questions 13 & Question 56, the State responded that the bidder should plan on having their system online for all three programs by July 1, 2018. In the updated timeline provided in the response to Question 56 (not 55 as referenced in Q.13), the State provided an anticipated contract start date of June 1, 2018. No bidder will be able to complete the project within a one month timeframe, so please provide a timeframe that allows sufficient time for all of the project requirements to be met? Additionally, the State also mentions a completion date of December 2018 for each conversion which is different than the response to Question 13. Please clarify the anticipated timeframe for project implementation to ensure consistency?

The State's anticipated contract date is June 1, 2018, with an anticipated conversion date of December 1, 2018.

7. Section 3.2.14.4 and page 22 of the RFP. In the response to Questions for Question 19, the State responded that they would maintain the 48 hour replacement timeframe. This timeframe means that requests received on a Friday afternoon must arrive by Sunday. The costs for Saturday or Sunday delivery are significant. Please provide the number of terminal replacement requests received on Friday afternoons for the past year so bidders can appropriately price for this service?

Zero

8. Section 3.2.16 and 23 of the RFP. Please provide the number of phone lines currently being paid for under the current contract?

The State is not currently paying for any Retailer EBT phone lines.

9. Section 4.4.2.1 pages 38 and 39 of the RFP. The RFP requirements indicate that the State wants one comprehensive Project Work Plan and Project Schedule. For most EBT projects, separate teams work on WIC and SNAP/TANF. Combining these work plans into one comprehensive document may make it confusing for each team to read the plan easily and to identify tasks for each project. In the Response to Questions, the State said 'The State will accept combined manuals, plans, and reports for SNAP and TANF programs where applicable." Will the State allow bidders to submit two work plans, one for WIC and one for SNAP/TANF? Each team could then review the plan applicable to their program.

Yes.

10. Section 4.10.2.6 page 83 of the RFP. Q101. Please provide the statistics for the number of card replacements occurring in local offices and those replaced by the current contractor over the last 12 month period?
A101. Approximately 330,000 over the counter replacement cards and approximately 40,000 mailed replacement cards.

Please provide the break out of card replacements by Program (WIC, SNAP, TANF).

The numbers listed above are for SNAP and TANF.

For WIC, the total replacement cards are approximately 6,575. ITCN and Nevada WIC are now part of the Mountain Plains State Consortium MIS and card replacements are the responsibility of the Local Agencies.

11. Section 4.14.1 page 121 of the RFP. The EBT contractor will be expected to provide a WIC EBT system for both the Nevada and ITCN WIC Programs. The EBT contractor shall design all functionality needed to deliver EBT services and will be required to implement an EBT system to the Nevada WIC and ITCN WIC Programs that meets or exceeds the current EBT system. The EBT system functionality and services will be the same for both WIC Programs, however separate reporting, financial management and billing for services are needed. Possible EBT Functionality for the WIC Programs include WIC Farmers Market and SEBTC as defined below.

Will Nevada and ITCN' WIC program have separate BINs as required by FNS?

Yes.

12. Section 4.14.2.2 and page 121 from the RFP. The Nevada WIC Program administers a separately funded Summer EBT for Children (SEBTC) Program. This SEBTC Program is for school age children and provides benefits to households who quality. The benefits are currently issued using a separate SEBTC EBT card which is loaded with the appropriate benefits and distributed to households.

Will the SEBTC program use the same BIN, food items and vendors that Nevada WIC will use?

No for the BIN; yes for food items and vendors.

13. General Question: Will the State issue a redlined version of the RFP with the any changes to the requirements as reflected in the Answers throughout Amendment 1 issued on September 15, 2017?

No.

14. RFP Section 4.2.1.1 (page 33) and RFP Section 4.2.3.3.A.13 (page 36): RFP Section 4.2.1.1 states that two (2) masters (both hard and soft copies) and four (4) additional hard copies of each written deliverable are to be provided. RFP Section 4.2.3.3.A.13 states that one (1) updated and complete master paper copy of each deliverable are to be provided. Will the State please confirm the number of master copies to be provided?

Regarding 4.2.1.1 – Upon approval of a project plan, the State is requesting: two (2) masters (both hard and soft copies) and four (4) additional hard copies of each written deliverable.

Regarding 4.2.3.3.A.15 – If comments/revisions are requested by the State: The contractor must provide one (1) updated and complete master paper copy of each deliverable after approval and acceptance by the State.

15. Answer #13, Answer #55 and Answer #112 in Amendment 1 issued 9/15/2017: The Answer to Question #13, which seems to conflict with Answers #55 and #112, states that vendors should plan on "having their system online by July 1, 2018".

The last row of the revised timeline provided in the Answer to Question #55 states that the contract start date will be on or about June 1, 2018. The Answer to Question #112 states the anticipated contract start date is on or about June 1, 2018 with the full conversion to be complete within 6 months of that date.

Please confirm the State's anticipated contract start date is June 1, 2018, and the anticipated conversion date is December 1, 2018 (or 6 months from the actual contract start date).

Refer to question 6 of this amendment.

16. Answer #77 in Amendment 1 issued 9/15/2017: Given that the State does not intend to purchase POS devices, will the State remove the rows requesting purchase prices for equipment to avoid both a purchase price and a lease price being counted in the sub-total? The sub-total will be incorrectly inflated by including both purchase and lease prices given that only lease prices will be incurred by the State.

No. State advises the vendor to enter the lease price on the cost proposal and not a purchase price.

17. Answer #78 in Amendment 1 issued 9/15/2017 and RFP Section 4.10.2. (RFP page 80-85): In Answer #78, the State has requested pricing for both embossed cards and cards without embossing. Section 4.10.2 clearly requires the vendor to provide to the State's card distribution locations with cards that have the PANs embossed on them. What would the state use the non-embossed card stock for? What is the volume of non-embossed card stock that would be required?

4.10.2.12.B should read "The Primary Account Number (PAN) must be <u>printed</u> on the front of the card with contrasting color for readability;

Regarding the language in 4.10.2.12.C – embossing may be required if the Program chooses this feature.

18. Answer #78 in Amendment 1 issued 9/15/2017: Based on the State's request for bidders to include separate costs for embossed cards and cards without embossing for each program, is the State releasing an amended price proposal, Attachment I, that will include the location for this information to be included?

    If providing a cost for embossing, the vendor should list this cost on tab 6.1.6 under EBT Optional Services.

19. Answer #79 in Amendment 1 issued 9/15/2017: In order for bidders to select and propose the right embosser model supporting the functionality desired by the State, can the State explain what the embossers will be used for?

    The State is requesting to have quotes provided on the cost to have the card number embossed on the card.

20. Amendment 1, Answer to questions #13 and #112, pgs. 3; 33

    RFP Language:
    Q 13:
    This will be provided to the awarded contractor. The vendor should plan on having their system online by July 1, 2018. Refer to question 55 of this amendment for the updated timeline.

    Q 112: Anticipated contract start date is on or about June 1, 2018 to begin the potential conversion process. The State expects the system should be fully converted/implemented within six (6) months of the contract start date.

    Question:
    If the contract is not executed until June 1, 2018 (after all federal approvals have been secured) as noted in the State's response to questions, then conversion activities cannot begin until June 1, 2018 leaving very little time to include dry runs, testing, training, etc. This would appear to exclude any bidder other than the current incumbents from being able to bid on this open RFP.

    Conversions generally take between nine to 12 months in order to meet the federal requirements, State testing, and FNS guidelines (See below: FNS Handbook 901 – dated January 2017, Section 4.6.4, SNAP EBT Conversion and Transition Planning and Section 3.3.2.4, SNAP EBT Required IAPD Documentation).

    The answers to questions #13 and #112 appear to contradict each other to some extent, would the State please consider formalizing the conversion timeline to ensure all bidders can meet conversion requirements and participate in this RFP?

    Refer to question 6 of this amendment.

Guideline References:

FNS Handbook 901 – Dated January 2017

4.6.3 EBT Conversion or Transition Planning
EBT Conversion or Transition Planning When transitioning to a new Electronic Benefits Transfer (EBT) support contractor, a smooth handover requires a reasonable transition period to the non-incumbent. The more complex the system, the longer the transition period needs to be to ensure success. The State agency needs to do its own planning for the conversion and transition from the previous provider to the new provider. This includes developing a transition schedule to be included in the RFP as a requirement. A transition plan in the RFP should address at minimum the following items:

- Project initiation with the new contractor
- Project planning and management
- System documentation
- Contractor system testing
- Transfer initiation
- Transfer User Acceptance Testing
- System conversion and cycles (mock/dry/trial runs)

3.3.2.4 SNAP EBT Required
In addition to the document requirements in Table 10, the following documents must be provided to FNS upon request:

- EBT-Only Retailer Conversion Plan
- Problem resolution/regression testing reports
- Dry run results
- Retailer agreement
- Training material for retailers and clients
- Retailer manuals
- Client, retailer, and Third Party Processor (TPP) notices

21. RFP Section 4.4.2.1.B, pg. 39

RFP Language:
B. The EBT contractor will work with the staff from WIC, SNAP and TANF to provide a detailed Project Plan and Project Schedule based on the Preliminary Project Plan submitted with the proposal as defined in Section 5.6, Preliminary Project Plan. The Project Plan and Schedule must address the tasks, activities and deliverables and Project Schedule for Project as a whole plus each of the three Nevada EBT Programs.

Question:
Given that SNAP and TANF are on one EBT card and implemented at the same time, will the State allow one project plan for both programs?

Yes.

22. RFP Section 4.14.2.13, pg. 134

RFP Language:

4.14.2.13, Manage WIC EBT Settlement, Transaction Processing and Reconciliation

Question:
We have reviewed RFP Section 4.14.2.13 in its entirety. However, it is still unclear how funding for WIC settlement occurs. Please clarify if the State will allow the contractor to send a pre-authorized ACH debit to a pre-designated State-owned bank account for the amount of the daily WIC settlement in order for the contractor to be funded?

Per the Nevada State Treasurer's Office, Nevada does not authorize vendors to debit the State's account. The WIC Fiscal staff receive notification from the bank to process a wire to reimburse them for the prior day's expenditures. Once the wire is submitted to the Treasurer's office, the payment is processed.

23. RFP Section 4.14.2.18.N, pg. 159

RFP Language:
N. End of Day Database Balance Reports
The EBT contractor shall provide daily and monthly End of Day WIC Database Reports. The reports shall provide the value of the outstanding liability for unused benefits residing on the EBT system at the end of the processing day (according to Pacific Time). The ending balance for the previous day shall become the beginning balance for the current processing day. Account activity shall include, but is not limited to, opening balances, purchases, and closing balances.

Question:
This requirement indicates that the contractor is expected to provide a monthly End of "Day" WIC Database Report. Can the State please provide a copy of its current End of Day "monthly" WIC database report?

No. The State will provide a copy of the report during requirements with the awarded vendor.

24. RFP Section 4.14.2.18.FF, items #3 and #4 / Amendment 1, answer to question #104, pgs. 163; 30

RFP Language:
FF. Non-System Performance Reports
Item #3. PIN selection equipment replacement timelines;
Item #4. Response timelines for user setup and password changes for PIN selection devices

Answers to Questions
Q #104: During the MIS transition process, the Nevada WIC Program decided not to employ PIN selection terminals during implementation. Therefore, none are in use at this time.

Question:
Can bidders assume that requirements #3 and #4 are removed from RFP Section 4.14.2.18.FF since the answer to question #104 removed PIN selection terminals from this RFP?

Yes.

25. RFP Section 4.15.2.5.G, pg. 172

RFP Language:
4.15.2.5.G says, "Re-presentation of manual retailer vouchers shall not be permitted. The EBT contractor's system shall be designed to prevent merchants from re-presenting manual vouchers." However the last sentence of 4.15.2.5.H says, " If there are insufficient funds in the cardholder's account when an emergency stand-in voucher is first presented, the EBT contractor shall allow re-presentation of the voucher."

Question:
Please clarify the difference in these two requirements where re-presentation is allowed in one instance and not in the other.

If there should be no difference, will the State please adjust the RFP language?

4.15.2.5.H is used in an Emergency situation.

26. RFP Section 4.16.2.3, pg. 184

RFP Language:
4.16.2.3, TANF Settlement and Reconciliation

Question:
We understand that TANF expenditures involve the State Treasurer's Office and it does not follow the same process as SNAP. Please clarify if the State will allow the contractor to send a pre-authorized ACH debit to a pre-designated State-owned bank account for the amount of the daily TANF settlement in order for contractor to be funded?

Current process is: Each day staff log on to the EBT website and pull the previous day's reporting/totals. The Treasurer's Office then prepares a PVQ and wires the funding daily to the vendor from the State's main account.

27. RFP Section 5.2.1.4, pg. 186

RFP Language:
Business references as specified in Section 5.3, Business References shall be provided for any proposed subcontractors.

Question:
Would the State allow bidders to provide business references for subcontractors within the proposal response instead of through Attachment E?

Yes.

28. RFP Attachment L, Appendix A, pg. 1

RFP Language:
EBT Account Set-up: In addition to batch processes, the Contractor shall also provide the State with the capability to create WIC, SNAP and cash EBT accounts through Administrative functionality. Generally, Nevada processes account set-up transactions through batch processes. The administrative account set-up process will be used primarily for card issuance, emergency benefits or fraud investigations.

Question:
This requirement indicates EBT account set-up through the administrative terminal, but begins with "In addition to batch processes". Please confirm that the WIC EBT Program uses web services for standard account set-up and not batch files.

WIC EBT uses web services for standard participant account set-up and issuance of benefits. However, batch files may be provided for APL, vendor activation, etc.

ALL ELSE REMAINS THE SAME FOR RFP 3292.

Vendor must sign and return this amendment with proposal submitted.

Vendor Name:	Conduent State & Local Solutions, Inc.
Authorized Signature:	Michael P. Cerone
Title:	Vice President Date: 11/14/2017

This document must be submitted in the "State Documents" section/tab of vendors' technical proposal.

ATTACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION

Submitted proposals, which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "confidential" **shall not** be accepted by the State of Nevada. Pursuant to NRS 333.333, only specific parts of the proposal may be labeled a "trade secret" as defined in NRS 600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful vendors' technical and cost proposals become public information.

In accordance with the submittal instructions of this RFP, vendors are requested to submit confidential information in separate files marked "**Part IB Confidential Technical**" and "**Part III Confidential Financial**".

The State shall not be responsible for any information contained within the proposal. If vendors do not comply with the labeling and packing requirements, proposals shall be released as submitted. In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that shall be in an open meeting format, the proposals shall remain confidential.

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act shall constitute a complete waiver and all submitted information shall become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

This proposal contains Confidential Information, Trade Secrets and/or Proprietary information.

Please initial the appropriate response in the boxes below and provide the justification for confidential status.

Part IB – Confidential Technical Information			
YES	X	NO	
Justification for Confidential Status			
Pursuant to NRS 333.333, Conduent considers parts of our Technical Proposal as "trade secret" as defined in NRS 600A.030(5). We have included this material in the Confidential Technical Proposal with the pages marked "Confidential Information." Disclosure of these documents to the general public would place our company at a serious and irreparable competitive disadvantage in future procurements by providing competitors with information that we maintain as strictly confidential, and which is unavailable to any third-party except under restrictions contained in a nondisclosure agreement or protections that cover this information under applicable law. We respectfully request that the information identified remain exempt from disclosure pursuant to the provisions of NRS 333.020 (5) (b). Table 1 is a cross reference between our Technical Proposal and our Confidential Technical Proposal, along with justification for confidential status.			

Table 1. Confidential Information Cross Reference Matrix

Technical Proposal Section Reference(s) to Confidential Information	Confidential Technical Section Where Confidential Information is Located	Justification
RFP Section 5.1.4, Licensing Requirements (second table only), pg. VII-8 RFP Section 5.13.1, Software Tools and Equipment Resources, pg. VII-106	II.1, Software Tools and EPPIC Software Specifications, pages II-3 through II-4	This section contains sensitive technical information and/or software license arrangements for our proposed solution. This information is treated by the company as proprietary and confidential information. Disclosure of these trade secrets would result in substantial harm to Conduent.
Section VIII, Attachment H – Proposed Staff Resume, pg. VIII-1	II.2, Proposed Staff Resumes, pages II-6 through II-60	The resumes contained in this section identify organizational structures and staff resource capabilities that are considered trade secrets of Conduent, and that in some cases contain personally identifiable information.
Section IX, Preliminary Project Plan, pg. IX-1	II.3, Preliminary Project Plans: Preliminary SNAP/TANF Project Plan, pages II-62 through II-78 Preliminary WIC Project Plan, pages II-79 through II-95	This section contains information on Conduent's Preliminary Project Plans. The specific timeframes and methods that Conduent uses to perform the activities illustrated in our plans constitute proprietary designs and processes that, taken together with the other processes disclosed in our proposal, are not customarily shared with competitors.
Section X.1, Conduent Innovations – Under the Heading "*Intelligent Analytics Portal/Data Warehouse (IAP) Functionality,*" pg. X-2	II.4, Intelligent Analytics Portal/Data Warehouse (IAP) Functionality, pages II-96 through II-102	This section includes details on Conduent's innovative approach to data analytics and data warehousing to be used in its proposed solution. This section contains technical information relating to Conduent's proposed solution and is treated by the company as proprietary and confidential information.
Section 3.2.17, Fraud Detection – Under the Heading "*Advanced Predictive Analytics Fraud Package (Optional Service),* pg. V-63 Section X.1, Conduent Innovations – Under the Heading "*Advanced Predictive Analytics Fraud Package,*" pg. X-2	II.5, Advanced Predictive Analytics Fraud Package, pages II-102 through II-105	This section contains details on Conduent's Fraud Package. Conduent's fraud detection and prevention methodology is a proprietary solution that is not disclosed to the public and not made available to third parties without confidentiality restrictions.
Section X.1, Conduent Innovations – Under the Heading "*Android and iOS (Apple) Mobile App,*" pg. X-2	II.6, Android and iOS (Apple) Mobile App, pages II-105 through II-109	This section includes details on Conduent's innovative use of mobile applications in its proposed solution. This information is treated by the company as proprietary and confidential information.

Technical Proposal Section Reference(s) to Confidential Information	Confidential Technical Section Where Confidential Information is Located	Justification
Section X.1, Conduent Innovations – Under the Heading "*Interactive Voice Response (IVR) Call Personalization,*" pg. X-3	II.7, Interactive Voice Response (IVR) Call Personalization, pg. 109	This section includes information on Conduent's use of IVR call personalization in its proposed solution. This section contains technical information relating to Conduent's proposed solution and is treated by the company as proprietary and confidential information.
Section X.1, Conduent Innovations – Under the Heading "*Special Formula Ordering and Management,*" pg. X-6	II.8, Special Formula Ordering and Management, pages II-109 through II-111	This section includes details on Conduent's distinct approach to formula ordering and management in its proposed solution, which details are treated by the company as proprietary and confidential information.
RFP Section 3.2.9.1, Operational Requirements – Under the Heading "*Farmers' Market Terminals,*" pg.V-43 Section X.1, Conduent Innovations – Under the Heading "*Farmer's Market Wireless Access,*" pg. X-7	II.9, Farmers' Market Wireless Access, pages II-111 through II-112	This section includes details on Conduent's use of farmers' market wireless access in its proposed solution. This section contains technical information relating to Conduent's proposed solution which information is treated by the company as proprietary and confidential information. Disclosure of these trade secrets would result in substantial harm to Conduent.

Part III – Confidential Financial Information			
YES		NO	X
Justification for Confidential Status			
N/A			

Conduent State & Local Solutions, Inc.

Company Name

Signature

Michael P. Cerone

Print Name

11/14/2017

Date

This document shall be submitted in Section IV of vendor's technical proposal

ATTACHMENT B – VENDOR CERTIFICATIONS

Vendor agrees and shall comply with the following:

(1) Any and all prices that may be charged under the terms of the contract do not and shall not violate any existing federal, State or municipal laws or regulations concerning discrimination and/or price fixing. The vendor agrees to indemnify, exonerate and hold the State harmless from liability for any such violation now and throughout the term of the contract.

(2) All proposed capabilities can be demonstrated by the vendor.

(3) The price(s) and amount of this proposal have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or potential vendor.

(4) All proposal terms, including prices, shall remain in effect for a minimum of 180 days after the proposal due date. In the case of the awarded vendor, all proposal terms, including prices, shall remain in effect throughout the contract negotiation process.

(5) No attempt has been made at any time to induce any firm or person to refrain from proposing or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal. All proposals shall be made in good faith and without collusion.

(6) All conditions and provisions of this RFP are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion shall be in writing and included in the proposal at the time of submission.

(7) Each vendor shall disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP. Any such relationship that might be perceived or represented as a conflict shall be disclosed. By submitting a proposal in response to this RFP, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest shall automatically result in the disqualification of a vendor's proposal. An award shall not be made where a conflict of interest exists. The State shall determine whether a conflict of interest exists and whether it may reflect negatively on the State's selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.

(8) All employees assigned to the project are authorized to work in this country.

(9) The company has a written equal opportunity policy that does not discriminate in employment practices with regard to race, color, national origin, physical condition, creed, religion, age, sex, marital status, sexual orientation, developmental disability or handicap.

(10) The company has a written policy regarding compliance for maintaining a drug-free workplace.

(11) Vendor understands and acknowledges that the representations within their proposal are material and important, and shall be relied on by the State in evaluation of the proposal. Any vendor misrepresentations shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.

(12) Vendor shall certify that any and all subcontractors comply with Sections 7, 8, 9, and 10, above.

(13) The proposal shall be signed by the individual(s) legally authorized to bind the vendor per NRS 333.337.

Conduent State & Local Solutions, Inc.

Vendor Company Name

Vendor Signature

Michael P. Cerone

Print Name

11/14/2017

Date

This document shall be submitted in Section IV of vendor's technical proposal

ATTACHMENT J – CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or shall be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federally appropriated funds have been paid or shall be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all sub recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

By: Michael P. Cerone 11/14/2017

Signature of Official Authorized to Sign Application Date

For: Conduent State & Local Solutions, Inc.

Vendor Name

Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project

Project Title

This document shall be submitted in Section IV of vendor's technical proposal

SECRETARY OF STATE

STATE OF NEVADA

CERTIFICATE OF EXISTENCE WITH STATUS IN GOOD STANDING

I, Barbara K. Cegavske, the duly elected and qualified Nevada Secretary of State, do hereby certify that I am, by the laws of said State, the custodian of the records relating to filings by corporations, non-profit corporations, corporation soles, limited-liability companies, limited partnerships, limited-liability partnerships and business trusts pursuant to Title 7 of the Nevada Revised Statutes which are either presently in a status of good standing or were in good standing for a time period subsequent of 1976 and am the proper officer to execute this certificate.

I further certify that the records of the Nevada Secretary of State, at the date of this certificate, evidence, **CONDUENT STATE & LOCAL SOLUTIONS, INC.**, as a corporation duly organized under the laws of New York and existing under and by virtue of the laws of the State of Nevada since May 22, 1991, and is in good standing in this state.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on October 27, 2017.

Barbara K. Cegavske

Barbara K. Cegavske
Secretary of State

Electronic Certificate
Certificate Number: C20171027-0608
You may verify this electronic certificate online at **http://www.nvsos.gov/**

Section V System Requirements [RFP 10.2.2.5]

REQUIREMENT: RFP Section 10.2.2.5

10.2.2.5 Section V – System Requirements

Vendors must place their written response(s) in bold/italics immediately following the applicable RFP question, statement and/or section.

As clarified by Question #110 of Amendment 1, we have only returned the portions of the RFP that require a response. As required, we have placed our written responses in bold/italics immediately following the applicable RFP question, statement, and/or section. As such, our response to Section V, System Requirements is presented in RFP Section 3, System Requirements, immediately following this page.

3. SYSTEM REQUIREMENTS

Bringing Benefits and Meeting Objectives

- ***Our advanced, web-based Connect solutions for EBT and WIC are end-to-end solutions comprised of components that bring a collection of features and benefits to the State. Features range from a seasoned team of professionals to our proven EPPIC platform, to unrivaled customer service—just to name a few—all providing the State a solution built specifically for your procurement.***
- ***EPPIC's database architecture provides flexibility for rapid account setup, benefit authorization, and accessible data storage. Most importantly, it lays a foundation for all three of your programs—one system, three programs, and the capability of expanding to additional services and opening up new possibilities for the State.***
- ***With the possibility of a new EBT contractor, Nevada has the opportunity to explore additional innovations and technology that we offer. Leveraging these advancements provides additional flexibility and value, thus positioning the State for the future.***

To support the modern needs of your cardholders, retailers, vendors, and staff, you're looking for ways to keep up with current technology in order to match the way you distribute benefits, communicate, and access information today. Furthermore, as evidenced by your RFP, the State is looking for a contractor that has the experience, knowledge, technology, seasoned staff, and the capability to successfully implement and operate your three EBT Programs simultaneously.

As an experienced provider of government services, we offer a background of more than 20 years of experience with EBT programs, and more than 10 years of experience with WIC EBT programs. As such, we have a long history of helping government agencies achieve their program goals. Just as Nevada Department of Health and Human Services (DHHS) and its agencies established their vision of providing EBT services for SNAP, TANF, and WIC, and long before the RFP process began, we have been anticipating and evaluating the needs of your stakeholders. Your needs are the foundation for the technical, functional, and service components of our solution for your three EBT Programs. We know how vital SNAP, TANF, and WIC benefits are to your citizens; we know that both internal and external perception is important; and we know that a contractor must provide the very best system, the most innovative technologies, and an expert staff that not only listens to its customers, but addresses their questions and concerns to assure program success. These are just a few of the reasons why Conduent is the best partner to advance your EBT Programs under this new contract.

Our Connect Solutions for your EBT Programs

For your EBT Programs, we provide our advanced, web-based Connect solutions for EBT and WIC. Both include our Electronic Payment Processing and Information Control (EPPIC) transaction processing platform, which is scalable and flexible, and increases efficiencies for your projects now and into the future. However, our Connect solutions are more than the technical platform they reside on. They are an end-to-end solution made up of core components that bring a collection of valuable features and benefits to the State:

- ***EPPIC. Our transaction processing platform is easily configured and simplifies the process of implementing program requirements and changes.***
- ***Experienced Staff. Our proposed key and support staff are all subject matter experts in their respective lines of work, from our project management professionals to our customer service and settlement personnel. All have worked on multiple EBT, WIC EBT, electronic payment card (EPC), and electronic childcare (eCC) time and attendance tracking programs for states; small and large. All offer Nevada a wealth of experience and expertise.***

- ***Customer Service.*** ***Our IVR and customer service centers are specifically designed for our government benefit programs and the cardholders they serve. Callers are given respectful, helpful access to the information they need, when they need it, 24/7/365, using a toll-free number. We use a cloud-based customer service solution, which allows for flexibility in responding to changing call volumes and assisting with load balancing, so that we always answer calls promptly.***
- ***Web Portals.*** ***Our secure web portals are designed for ease of use and cardholder, retailer, and vendor convenience. This self-serve option is available 24/7/365 from any device with internet access and allows cardholders to check their benefit balances, report a lost or stolen card, access their recent transaction history, and more, all when it's most convenient for them. The portals for your EBT retailers and WIC vendors help reduce their administrative burden, and allow them easy, convenient access to information when they need it.***
- ***Disaster Recovery.*** ***Natural disasters have the potential to disrupt the distribution of vital benefits. We have proven disaster recovery procedures that we have deployed in disasters such as hurricanes, winter storms, floods, and more, to help our state customers ensure that their most vulnerable residents will not be without the benefits and funds they need. We designed our system to include redundancies and geographic distance to assure that a disaster cannot interfere with benefit distribution.***
- ***Zero-balance Settlement.*** ***Our processes and procedures for daily settlement and reconciliation are comprehensive, efficient, and unique in the EBT industry. Through our daily zero-balance approach, we eliminate the discrepancies of suspense accounting, in-flight, and unapplied transactions. This distinctive methodology confirms that you receive accurate, complete accounting data balanced to the penny every day.***

In a way, we've built the Connect solutions exactly for this procurement. Just as the State has had the foresight to include SNAP, TANF, and WIC EBT services in the RFP, we had the insight to create a solution to respond to all three types of services. Just like you, we have been focused on the future and providing maximum support to cardholders, retailers, vendors, and staff. We were the first to offer a web-based, open architecture, distributed EBT computing system—EPPIC. We were the first to provide online client messaging and online and on-demand reporting, as well as a five-year online database. We developed and implemented the first and now longest-running statewide online WIC EBT system in the country, and created the first statewide paperless, web-based time and attendance system for subsidized child care.

Our intuitive and efficient Connect solutions ensure your staff can use their resources more effectively and focus on important tasks rather than administrative burdens. Through EBT Connect and WIC Connect, you are efficiently connected to the world of electronic benefits and all of the related possibilities.

Our EPPIC Platform

EPPIC is the most flexible platform in the industry today. It allows support for SNAP, TANF, and WIC benefits, as well as payments and benefit disbursements for other programs including, child support, unemployment insurance, vocational rehabilitation, payroll, and adoption/foster care. In 2016 alone, EPPIC processed more than 3.2 billion transactions for our government programs while maintaining 99.97 percent system availability. Our EPPIC platform, the foundation of EBT Connect and WIC Connect, is a proven and reliable solution for your three EBT Programs.

From its architectural design to the functionality it delivers, to its expandability, EPPIC is the system for both today and for the future. To ensure longevity, we have developed an enhanced hierarchy and scalable database configuration that allows new features to be added to EPPIC's architecture with a single release.

Within the remainder of this section, we provide a comprehensive overview of EPPIC, describing in detail our proposed system configuration, including its operating environment, procedures, flow charts, and workflow. During the joint application design (JAD) sessions, all changes required to meet the specific requirements of your three EBT Programs are documented and presented to your respective agencies for approval prior to development.

EPPIC Advantages

We work with Nevada, USDA FNS, and other industry partners to provide several key benefits for Nevada's agencies. While the basic goals for any EBT contractor are to ensure benefits are accessible, transactions are efficient and accurate, and State staff can do their jobs quickly and effectively, EPPIC is designed to take your three EBT Programs a step further. As Exhibit V-1 demonstrates, EPPIC offers a host of advantages for daily operations and substantial benefits through its flexibility, web-based functions, availability, efficiency, and security.

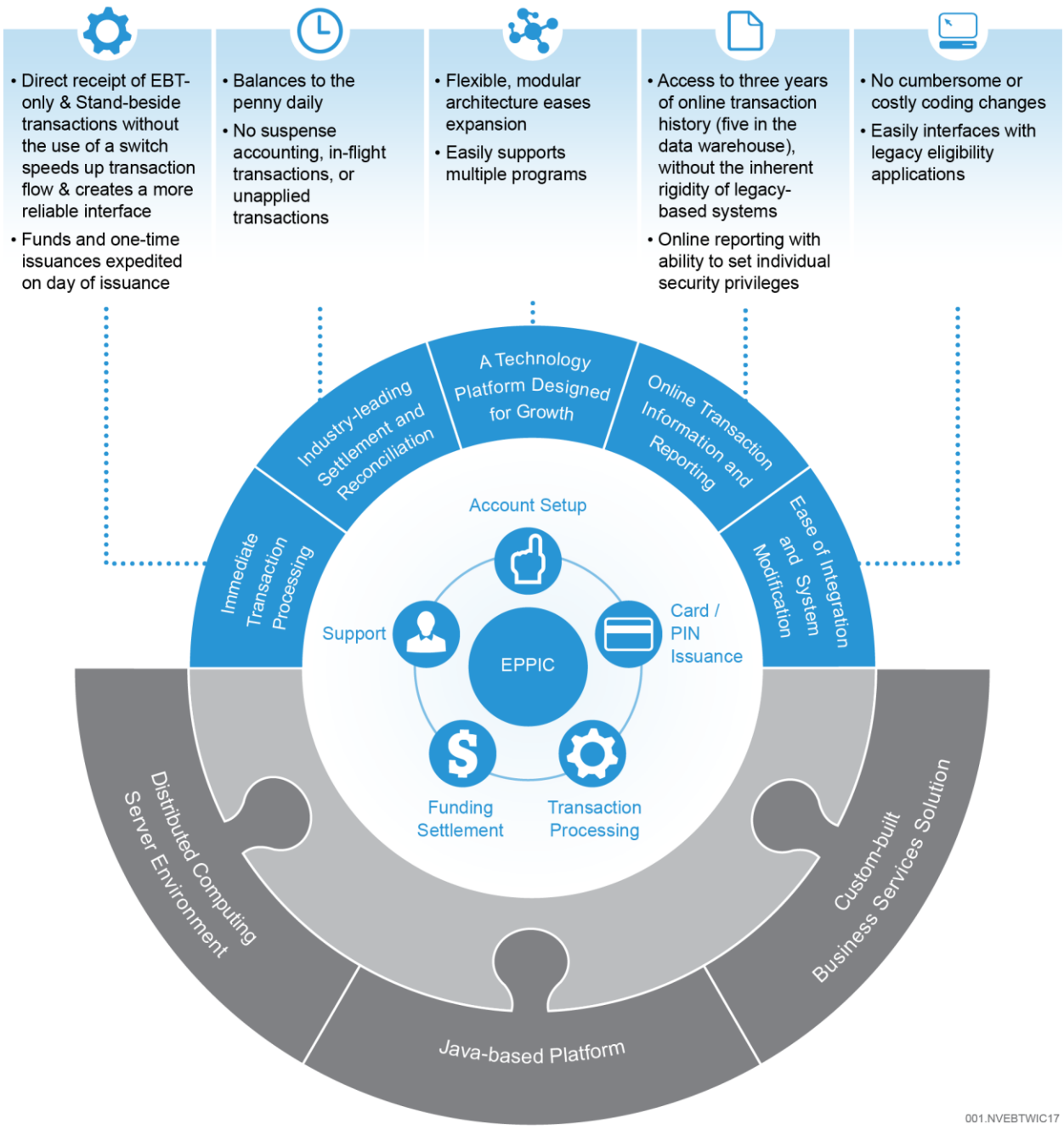

Exhibit V-1. EPPIC Overview

EPPIC's industry-leading technology platform enables us to not just meet, but exceed Nevada's technical requirements.

Key Functions, Features, and Benefits

Since EPPIC was specifically designed for high-volume EBT and related electronic card-based transaction processing, it incorporates many of the unique requirements of these programs that remain difficult for some contractor systems to deliver without implementing costly coding changes. In the years since EPPIC was introduced, other contractors have modified their technology. Once their development process begins and the layers are peeled away, however, it is soon discovered that all they offer is the same outdated and cumbersome transaction processing systems of old.

In contrast, our software and network infrastructure is designed to address challenging issues that other EBT contractors have yet to effectively handle, including:

- ***Reconciliation.*** ***As noted, our solution does not use suspense accounting or have any in-flight transactions, a difference that results in a more reliable and accurate reconciliation process. Our settlement data is reconciled immediately at the end of each day and is always in balance. Nevada's agencies do not have to be concerned about transactions held over until the next settlement day. Our system zero-balances every day, which means our system totals always match our program totals.***
- ***Easy-to-Use Terminal Interface.*** ***We offered the first web-based Administrative Terminal, and Nevada's agencies benefit from continuous enhancements and improvements made to it over the years. Our Administrative Terminal allows authorized users to perform online, real-time system inquiries and updates through an intuitive, easy-to-navigate graphical user interface (GUI). No special software needs to be installed or maintained on the terminal—this provides Nevada's agencies, federal, and local staff that have internet access and the proper security authorizations the data they need to do their jobs.***
- ***Online Access to Transaction Information.*** ***We provide up to three years of online (and two years offline) transaction history through EPPIC for Nevada's agencies, as well as FNS users, without the inherent rigidity of legacy-based systems. All data is maintained in our data warehouse solution, described in our response to RFP Section 4.12, SNAP/TANF Reporting and Data Requirements. Authorized users simply use their Administrative Terminal to query the selected information for retailers/vendors or cardholders. EPPIC's design and the efficiency of our distributed computing server environment enable us to deliver these online features and other functionality that some other vendors cannot due to the inherent restrictions of their system and platform designs.***
- ***Direct Connection to EBT-Only and WIC Stand-beside Terminals.*** ***Unlike some competitors' systems, EPPIC directly receives and processes transactions from exempt EBT-only and WIC Stand-beside terminals. These terminals dial directly into EPPIC without the use of any third party processor (TPP) or gateway. The State, cardholders, and retailers/vendors all benefit from the resulting quicker response time and more reliable transaction processing. Fewer links translate into less chance for downtime situations or communications failures, thus ensuring that Nevada cardholders can access benefits when needed, and retailers/vendors can serve their customers more efficiently.***
- ***Cardholder Account Processing.*** ***EPPIC allows for the immediate processing of all State files or online records. Cardholders are not required to wait until mid-morning to access their benefits. They can redeem their benefits at 12:01 a.m. local time on their availability date. This also expedites the availability of one-time issuances. Additionally, all information is logged in the database for reporting or audit purposes, allowing Nevada's agencies or authorized federal agencies to access all information quickly, either through online Administrative Terminal queries, standard report generation, or ad hoc reporting.***
- ***Online Reporting.*** ***The depth of EPPIC's online reporting capabilities remains unmatched. Conduent was the first company to offer online reporting and offers report-specific security, which enables Nevada's agencies to access reports based on individual security privileges. In addition, we created a suite of fraud reports aimed at identifying and reducing cardholder and retailer fraud. Our database logs any data entered in the system, and we can easily report on it.***
- ***Seamless Interface to Multiple External Entities.*** ***EPPIC supports interfaces from file-based to advanced web services. Among the benefits of this feature is the ability to cross-check a State eligibility system. In addition, there is potential for an increased array of web services. We can discuss these options with you during the JAD sessions held after contract agreement to determine which services can be added.***
- ***Adding New Programs.*** ***The EPPIC code can be modified to incorporate enhancements or new payment and benefit programs in EPPIC. The key is that the underlying code remains the same and only the new business rules are added and integrated. Plus, our flexible, multi-tier account structure allows the addition of virtually***

any type of program (e.g., cash, non-cash benefits) and correctly accounts for the data at the most finite funding or accounting level.

Innovative Solutions for the Future of Your EBT Programs

Through our more than 20 years of experience we have dedicated ourselves to innovate our electronic payment card services offerings, for your benefit and those you support. It is with this confidence that we recommend the use of new and innovative technologies that will provide improved service and/or operational cost savings for your three EBT Programs. The innovations in Table V-1 are either in production and part of our standard service today, or in development and in varying stages of the design, test, and implementation. Additionally, while some of the items are provided at no cost as part of ongoing system improvement and enhancement efforts, others may have an associated cost and are considered optional services. More information about our innovative offerings is provided in Section X, Other Informational Material, Section X.1, Conduent Innovations.

Table V-1. Innovations

Innovation	Brief Description	Standard or Optional?
Intelligent Analytics Portal/Data Warehouse (IAP) Functionality	The IAP allows you to derive reports and perform analysis of data drawn from your EBT Program operations. It includes analytical capabilities for managing information, allowing you to monitor the program thoroughly, with a focus on fraud prevention.	SNAP/TANF EBT Programs: Standard Service WIC EBT Program: Optional Service
Advanced Predictive Analytics Fraud Package	We have developed an advanced predictive fraud analysis service that enhances our clients' ability to further reduce fraud, waste, and abuse. This optional service (known as the Fraud Package) is fully integrated with the IAP.	SNAP/TANF EBT Programs: Optional Service
Android and iOS (Apple) Mobile App	Our mobile app for your SNAP/TANF Programs is a safe, convenient, easy way for your cardholders to access benefit and account information and other customer service functions through their mobile device. Cardholders can better manage their interactions in a secure, convenient environment while on the go. During the JAD sessions we will discuss your needs and our plans for implementation.	SNAP/TANF EBT Programs: Standard Service
Interactive Voice Response (IVR) Call Personalization	Above and beyond the basic IVR functionality, we provide our "smart" IVR capabilities as a standard service for your cardholders. These new capabilities can more rapidly connect callers to the specific information or service they are most likely seeking when calling the IVR.	SNAP/TANF EBT Programs: Standard Service WIC EBT Program: Standard Service
Cloud-based Customer Service Centers (CSC) for Cardholders	Our current network of 10 cloud-based CSCs efficiently balances calls across centers to reduce cardholder call time and improve satisfaction with the overall experience. We provide unparalleled failover capabilities by using automated switching, so there is always support to accept calls.	SNAP/TANF EBT Programs: Standard Service WIC EBT Program: Standard Service
Cardholder Web Portal and New Configurable Features	The new features we envision will be designed for easy configuration into the currently available WIC EBT web portal to maximize the self-service capabilities cardholders require. We will discuss our plans for additional web portal features during the JAD sessions and, if these enhancements are selected, we will add them to the portal options for your WIC EBT Programs as they become available.	WIC EBT Program: Standard Service
Cardholder Text Messaging	Conduent offers optional text messaging services with features that include balance inquiry, new benefit alerts, and other related services on a versatile platform that can be expanded to include similar features.	WIC EBT Program: Optional Service
TANF Blocking	We have the ability to block access to TANF benefits at chosen POS and ATM terminals and will work closely with you to refine the procedures and processes used to identify, monitor, and maintain prohibited locations.	TANF EBT Program: Standard Service

Innovation	Brief Description	Standard or Optional?
WIC Vendor and Third Party Processor (TPP) Mini-Switch	***The mini-switch is part of our WIC Connect solution and is currently operational and certified with all the major TPPs. We control configuration activities for each new state, eliminating delays due to TPP scheduling conflicts or resource constraints, which benefits states and TPPs by reducing time and effort for retail certifications and providing more secure and reliable routing of all WIC EBT transactions.***	***WIC EBT Program: Standard Service***
Configuration-Driven Implementation	***To ensure longevity, we have developed an enhanced hierarchy and scalable database configuration that allows new features to be added to EPPIC's architecture with a single release. By leveraging the new design hierarchy and architecture, cardholder benefits and features can be implemented more quickly, regulatory changes are configurable based on program needs, and program improvements can be readily added in the future.***	***WIC EBT Program: Standard Service***
Responsive Web Design	***Our web portal roadmap includes a redesign using Responsive Web Design (RWD), an approach that confirms that portal interaction is optimal with all devices. Each web page automatically sizes content to display it appropriately on mobile phones, tablets, and desktop computers.***	***WIC EBT Program: Standard Service***
Special Formula Ordering and Management	***We have developed a fully integrated special formula ordering and management solution that accommodates the complexities of mail-order redemptions while recording transaction data in the same manner as standard redemptions.***	***WIC EBT Program: Optional Service***
Farmers' Market Wireless Access	***We offer an innovative wireless solution to allow farmers' market retailers/vendors to accept SNAP, TANF, and WIC benefits, and cardholders to purchase fresh produce, as another option with a strong focus upon healthy nutrition.***	***SNAP/TANF Programs: Standard Service*** ***WIC EBT Program: Optional Service***

Conduent Continues as a Visionary in EBT Services Program Technology

One example of how Conduent breaks new ground in the EBT industry is winning the 2016 EBT Next Generation Project of the Year Award, as shown in the Success Story on this page. However, for us, innovation is not a one time achievement.

We work each day to develop next generation solutions that are designed to make our customers' lives easier down the road. We anticipate change rather than simply react to it. This keen eye on innovation is focused on several critical areas – web services, innovative marketing strategies, enhanced card technologies, and fraud detection and prevention – all areas where we intend to work with each of our customers to set the standard for innovation nationwide. Conduent listens, cares, and responds.

Success Story: At-A-Glance

Client: Ohio Department of Job and Family Services

Focus: 2016 EBT Next Generation Project of the Year Award

The Project of the Year award is given annually to an EBT project that breaks new ground in one way or another in the practice of EBT. In doing so, a project recognized with this award develops a body of knowledge from which other projects can draw. Ohio DJFS received this award for their installation of the Conduent fraud analysis and prevention tool. Conduent implemented this tool for the Ohio EBT project, enabling Ohio to better identify likely fraudulent behavior using predictive modeling and trend analysis.

Please see our response to RFP Section 5.1.10 for full details.

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Response to RFP Section 3, System Requirements

The following sections provide additional detail on our approach to meeting your system requirements.

3.1 Vendor Response to System Requirements
3.2 Technical Requirements
3.3 Functional Requirements
3.4 Security Standards
3.5 Certification and Examination

3.1 VENDOR RESPONSE TO SYSTEM REQUIREMENTS

Vendors must explain in sufficient detail how the vendor will satisfy the WIC, SNAP/TANF Cash Benefit/EBT card system project requirements described below. If subcontractors will be used for any of the tasks, vendors must indicate what tasks and the percentage of time subcontractor(s) will spend on those tasks.

For WIC, if any requirement of this section conflicts with the WIC requirements in ***Section 4.14***, the WIC EBT system requirements in ***Section 4.14*** will have precedence. Requirements applicable only to SNAP or TANF may not apply to WIC in this section.

EBT Contractors must comply will all relevant performance and technical requirements as stated in 7 CFR §274.8(b), 7 CFR §246, the Performance Standards outlined in the WIC EBT Operating Rules and as specified in ***Appendix E: Performance Standards***.

Bringing Benefits and Meeting Objectives

- ***Our response to RFP Section 3 adheres to your instructions and illustrates how our card-based transaction processing system delivers benefits and payments and makes your job easier using our feature-rich technology.***
- ***The Conduent team provides the State an unmatched comprehensive solution for your three EBT Programs that has demonstrated time and again how the technology, processes, and people we propose improves efficiencies and increases customer satisfaction for our government customers.***

EBT technology provides Nevada citizens with accessible, faster, and more secure access to funds; increases benefit program reliability and quality through automated processes; and ensures better customer service. Our previously described EBT Connect and WIC Connect solutions improve program accountability for the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project through enhanced reporting and monitoring capabilities. As we demonstrate throughout our response, we offer the State extensive technical and personnel resources that can help you realize new cost efficiencies and enhance cardholder services under the next contract.

Approach to Meeting Requirements

We agree with the State that there are many similarities for the SNAP, TANF, and WIC Programs. As such, throughout our response to RFP Section 3, System Requirements, we provide information regarding our approach to meeting the requirements for all three of your EBT Programs (SNAP, TANF, and WIC).

Subcontractor Involvement

As clarified in Question #16 in Amendment 1, we have included a list of our subcontractors and the functions that they will perform for this procurement. Each of our subcontractors' resources and time will be allocated to meet their assigned functions for your three EBT Programs.

The State can feel confident that Conduent will be preforming the majority of the work associated with the Nevada EBT and Cash Benefit System Project. We estimate that over the life of the contract, Conduent will perform a minimum of 75% of the services requested in the RFP. We estimate CDE Solutions, Inc. at 5%, Contact Solutions, LLC at 10%, and Fiserv Solutions, LLC at 10% of the total contract work effort.

Our subcontractors will be 100% engaged throughout the life of the contract. Their involvement will vary depending on the phase of the project (i.e., during Implementation and/or during Operations). As such, we provide an estimate of our subcontractors' percentage of time of their total work effort they'll spend during these two phases in Table V-2.

Table V-2. Subcontractor Involvement

Subcontractor	Tasks Assigned	% of Total Contract Work Effort	Distribution of Subcontractor Work Effort	
			% During Implementation	% During Operations
CDE Services, Inc. (CDE)	CDE will provide POS equipment management, maintenance, installation, and training for your three EBT Programs.	5%	90%	10%
Contact Solutions, LLC (Contact Solutions)	Contact Solutions will provide IVR services for your three EBT Programs.	10%	80%	20%
Fiserv Solutions, LLC (Fiserv)	Fiserv will provide card production and fulfillment services for your three EBT Programs.	10%	90%	10%

For additional information on each of these subcontractors, please see our response to RFP Section 5.2, Subcontractor Information.

WIC Requirements

We acknowledge that RFP Section 4.14, Nevada WIC Programs Specific Scope of Work, takes precedence and SNAP and TANF requirements may not apply. We have outlined our approach to meeting the requirements for your WIC EBT Program in our response to RFP Section 4, Project Wide Scope of Work.

For our response to RFP Section 4.14, Nevada WIC Programs Specific Scope of Work, we have provided a high-level overview of our WIC Connect solution for your State WIC and ITCN WIC Programs, while abiding by the limit of five pages per task (4.4.1; 4.4.2) as clarified in Question #2 of Amendment 2. In addition, so you have a complete response to the WIC Program requirements, we have included a table within our response to RFP Section 4.14, Nevada WIC Programs Specific Scope of Work, which lists each specific scope of work requirement for the WIC Programs and the RFP Section where you can find additional information relating to our WIC Connect solution.

Compliance with Performance and Technical Requirements

In all of our EBT and WIC EBT programs, we are compliant with all federal laws, regulations, and other policies and procedures applicable to EBT systems, as found in 7 CFR §274.8 (b), 7 CFR §246, the Performance Standards outlined in the WIC EBT Operating Rules, and as specified in RFP Appendix E: Performance Standards. Our solution platform, EPPIC, meets minimum requirements and typically exceeds requirements as reflected in the following sections.

3.2 TECHNICAL REQUIREMENTS

Bringing Benefits and Meeting Objectives
• ***Our Administrative Terminal allows State-authorized users to perform online, real-time system inquiries and updates through an intuitive, easy-to-navigate graphical user interface (GUI). Nevada's agencies benefit from continuous enhancements and improvements we've made over the years to our Administrative Terminal.***
• ***Our EPPIC system does not limit payment card load amounts; you can send files anytime you want as often as you want. State programs don't have to change how they operate. Our unique on-demand file processing enables you to receive summary files immediately, without restrictions on time slots or frequency of file transmission.***
• ***As one of the most advanced systems in the industry, EPPIC's features provide your cardholders advanced options. Cardholders can access program and account information, training materials, and customer support 24/7/365 through a variety of channels.***
• ***In 2016 alone, EPPIC processed more than 3.2 billion transactions for our government programs while maintaining 99.97 percent system availability. EPPIC, the platform for EBT Connect and WIC Connect, provides a reliable solution for your three EBT Programs.***

From the first JAD sessions through systems implementation and operations, we bring technical expertise, innovation, and years of experience to the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project, providing industry leading accuracy, reliability, and ease of use to you and those you serve both now and in the future. With Conduent, you are not locked into an inflexible hardware platform or operating system. Our platform-neutral solution delivers the performance and agility you need to serve your current programs and to evolve as needs and technology change. As previously noted, our experience includes various industry firsts, such as the nation's first statewide online WIC EBT system implemented in Michigan in 2008; the first EBT program to include SNAP and TANF benefits on a single card; and the first electronic time and attendance and payment system for subsidized child care. We look forward to bringing our comprehensive system and innovative spirit to your EBT Programs.

As noted in our response to RFP Section 3, System Requirements, our EPPIC platform powers our payment services programs and offers you advantages that other systems cannot match. Virtually any government program that administers benefits to recipients can be processed by EPPIC, which offers an excellent platform that can evolve with the needs of the State over time. In this introduction, we provide you with further details about EPPIC and how it benefits your three EBT Programs. To start, we include Table V-3, which summarizes some of the features of our EPPIC design and architecture, and Table V-4, which provides answers to frequently asked questions about our proposed solution.

Table V-3. Benefits of EPPIC Design and Architecture

Technology	Feature	Benefits to the State
Java	Open architecture	Easily works with Nevada's agencies' existing NOMADS and MPSC systems without the State making significant changes. This means little or no interface risk during transition.
	Platform-neutral operating system, hardware, and database	Portable solution ensures Nevada's agencies are not locked into a particular hardware platform or operating system, particularly as State technical direction or needs change in the future.
	Open architecture object-oriented programming language	Use of objects and reusable code enables us to make programming changes more quickly and with fewer errors, making this solution quicker and more efficient for adding enhancements and new programs. You can expect faster turnaround on requests for system changes or enhancements than with other contractors.

Technology	Feature	Benefits to the State
Distributed Transaction Processing	Multiple servers share processing power	Provides redundancy and power to reliably process your EBT Programs transaction volumes, meeting all response time and reliability requirements. Our server configuration provides mainframe-type power with much less investment required.

Table V-4. Frequently Asked Questions about EPPIC

Questions	Answers
What benefits does open system architecture bring to the EBT industry?	• Flexibility. Open architecture enables the support of multiple protocols in external interfaces, ease of integration with outside vendors, and addition of new functionality (e.g., electronic disbursements of cash payments and benefits using an electronic payment card, WIC, and electronic child care (eCC) care time and attendance programs). • Scalability. Open system architecture allows the application to be distributed over any number of processors in a wide variety of hardware/operating system configurations. • Total cost of service delivery. The combination of flexibility, scalability, and non-proprietary, widely accepted technologies results in a lower total cost of service delivery over other systems.
What benefits does our solution bring to the State?	• Ease of configuration. Our solution allows the State to address changes in the EBT environment, whether due to economic or legislative developments, by allowing the addition of processing hardware, communications equipment, operational sites, etc., if and when they become necessary. • Internet availability. Our solution enables cardholders, retailers, and vendors to immediately and securely access information about accounts and transactions through dedicated portals. • Low-cost addition of programs. Unlike alternative systems that rely on outdated back-end technology, our solution designs allow for the addition of new benefit programs with minimal development time. Also, the use of object-oriented programming allows EPPIC to be easily modified without impacting numerous other lines of code. System changes typically take days, not weeks or months.
What technologies are in the proposed solution?	• Software. The extensive use of Java in the user presentation, server-side presentation, and business services, as well as in the core services (security, system management, logging, transaction, and persistence) allows the following: – Ease of modifications due to object-oriented, reusable design paradigms – Reduced risk due to availability of technical resources and existence of non-proprietary industry standards – Platform independence • Hardware. Open system architecture allows for the use of many different hardware and operating system configurations. We have selected HP servers running Red Hat Linux as the EPPIC platform, for example. These platforms were chosen for their ability to handle the processing needs of the State and for their reliability.
Can you tell me more about distributed computing?	In general, distributed computing is any computing that involves multiple computers remote from each other, each having a role in a computation problem or information processing. Our solution uses the power of distributed computing to efficiently allocate server Central Processing Units (CPU) cycles and disk space to confirm that all servers are used to their fullest capacity. Additionally, it is a cost-effective solution, as it allows greater flexibility for system sizing and growth. Put simply, these server configurations provide mainframe-type power at a fraction of the cost, while still maintaining optimal system availability.
Can you explain what you mean by "Custom Built Business Services"?	Conduent developed virtually all software components in-house without purchasing and licensing "canned" software programs. Because of this, Nevada's agencies are not at the mercy of a third-party contractor that may change its programs, stop supporting them, or significantly raise their licensing fees. Once again, we offer Nevada's agencies flexibility, knowing that we, not an independent third party, control all software solution decisions.

Designed for Availability

The availability of any system is impacted by downtime for routine maintenance, as well as unscheduled maintenance. EPPIC is designed so no routine scheduled maintenance is required at any time during the year. Additional information on our system availability is found in our response to RFP Section 3.2.7, Scheduled Maintenance.

From its inception, EPPIC was designed using system technologies that have widespread adoption and acceptance across the information technology industry. As noted, EPPIC is built on the Java programming language and Oracle Database Management System (DBMS) to manage high volumes of transaction processing while maintaining information availability, scalability, integrity, and security.

Likewise, EPPIC's web-based hosting infrastructure is based on industry-leading technologies, such as the Open Source Linux operating system and server hardware based on the Intel x86-64 processor architecture. The full stack of software and hardware that forms EPPIC is a stable architecture that serves as a model for the IT industry.

Modular, Service-Oriented Architecture

EPPIC's functionality is composed of four basic service components. As shown in Exhibit V-2, each service provides specific functions and features as described in the paragraphs that follow the exhibit.

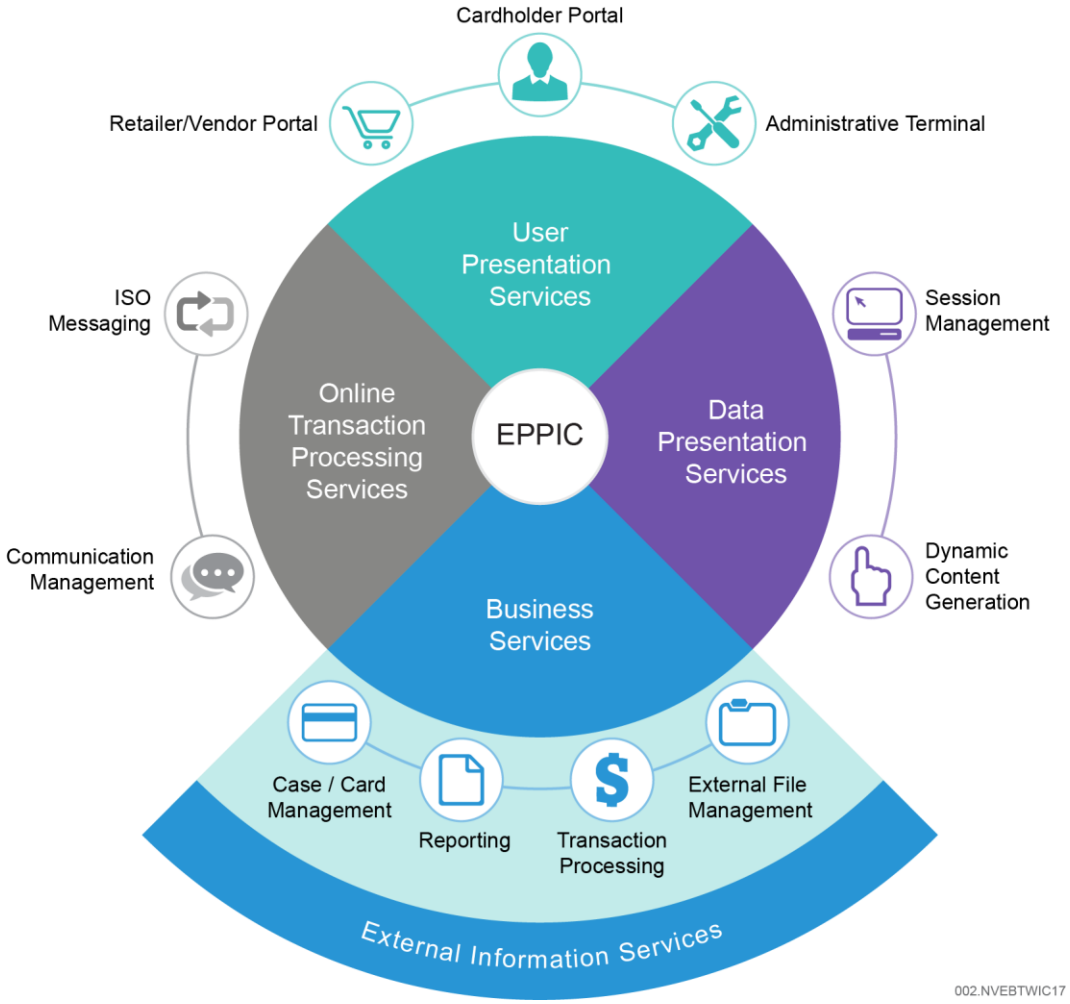


Exhibit V-2. Overview of EPPIC System Design

EPPIC integrates processing and administration systems to provide function-specific access to every component of your EBT Programs.

User Presentation Services. ***This component provides user-friendly interfaces to all authorized users of the system. Users can access these interfaces through a secure intranet or the internet using an enhanced Administrative Terminal or cardholder and retailer/vendor web portals.***

Data Presentation Services. ***These services support the management and content for user interaction through the interfaces supported by the user presentation component. Services provided include:***

- ***Dynamic content***
- ***Security management for Administrative Terminal users***
- ***Session management (e.g., automatic log off)***

It should be noted that the user security management component is exceptionally versatile, as it allows designated State security personnel to create user types, user roles, and user profiles to provide specific access to the Administrative Terminal features for each user.

Business Services. ***The business services encapsulate the implementation of all the EBT Program business rules and provide data and functionality to the data presentation services and the Online Transaction Processing (OLTP) services. We will work with DHHS during the Design Phase to create the Detailed Functional Design Document (DFDD), and Detailed Technical Specifications Documents (DTSD) to confirm that unique requirements are addressed. The business services also serve the external information services for data importing and exporting.***

Online Transaction Processing Services (OLTP). ***The OLTP services manage the communication to exempt retailers using an EBT-only POS device, TPPs, and the interoperability gateway. These services also validate encryption keys, retailer privileges, and transactional validity.***

Specific Hardware

We took care in assessing and determining the computing hardware configuration for the State and its needs going forward under your EBT Programs. We have established a distributed computing environment that couples the nimble attributes of servers with the volume capacity of a mainframe. This configuration is preferable to the unwieldy mainframes still being proposed and maintained today for government clients by other contractors. Notably, our configuration is far more expandable than a mainframe or server bank solution, and it has redundancy built in.

Our equipment provides solid performance from the top names in the business—HP, Cisco, Linux, and Oracle. Located at the primary data center, and mirrored in our backup site, equipment is sized to meet Nevada's unique requirements.

Table V-5 identifies three key benefits of our hardware and database platform approach.

Table V-5. Key Benefits of Conduent's Hardware and Database Platform Approach

Approach	Benefit
Two application servers: Primary, with remote hot backup site	***If one server experiences problems, the other server at the primary data center promptly takes over all processing. EBT contractors that rely on redundancy within the same server for non-stop processing risk having that server fail, which would require a cutover to their remote facility that results in unnecessary time delays. Our dual-server environment at the primary site offers Nevada's agencies increased reliability and superior redundancy capabilities.***
Cluster computing environment	***Because we use two systems at the primary facility in a cluster computing environment rather than just one non-stop server, the processing power of multiple servers is shared and spread equally over the hardware. Both servers are in use at all times, as the various processes and services are divided between them for ultimate efficiency in processing. This also has the distinct advantage of a single database across a cluster of servers, providing fault tolerance from hardware failures. Single-server environments simply do not have the scalability, shared processing power, or fault tolerance of our cluster processing environment.***
EPPIC's database capacity stores a minimum of three full years of online transaction data	***Authorized personnel can view a minimum of three full years of information online at any time, thereby eliminating the need to scroll through data on a CD or DVD or request and wait for technicians to load the information from storage. This instant online access to transaction history means that Nevada's agencies staff members never have to wait for a tape to load. This is a core feature of EPPIC and is not an optional or fee-for-service feature.***

We use HP Servers and Blades, multi-core Intel Xeon series central processing unit (CPU) servers designed for maximum scalability and high availability that offer unsurpassed flexibility and serviceability. HP Servers and Blades provide the highest levels of performance necessary to operate and maintain your EBT Programs with maximum uptime. Further, HP's highly expandable architecture offers maximum application deployment flexibility and advanced features, such as maintenance access to processors, memory, hard drives, and power supplies while the unit remains secured in the rack, enabling rapid response to service events, which decreases server downtime and, ultimately, costs.

EPPIC is based upon the latest industry-standard processing, memory, I/O and networking technologies, HP Servers and Blades that support 64-bit, six-Core Intel Xeon processors with up to 192 gigabytes (GB) of DDR3 Memory. In addition, they can support up to 16 SAS or SATA small form factor drives with a total of more than 1 terabyte (TB) of internal storage. All application servers are on virtual machines (VMs), and all VMs are storage area network (SAN) attached for storage and migration of VMs. HP Servers and Blades offer valuable features in support of your EBT Programs, as detailed in Table V-6.

Table V-6. HP Servers and Blades – Key Features

Advantage	Feature Description
Increased performance and durability for demanding scale-out applications	• ***Intel Xeon Processors offer higher performance, better power efficiency, and more adaptability with: Intel QuickPath, Integrated Memory Controller, Turbo Boost, Intelligent Power Technologies and Trusted Execution Technology.*** • ***Up to 192 GB registered memory DIMMS (up to 48 GB unbuffered): Memory-intensive applications benefit from memory buffers, faster memory speeds, 4:1 memory interleaving, and larger memory capacity.*** • ***ECC memory corrects 4-bit memory errors that occur within a single DRAM chip on the DIMM. Mirrored memory protection against uncorrectable memory errors without degrading performance of the memory system. Online Memory Spare adds protection from unscheduled downtime.*** • ***Complete data protection with embedded Smart Array RAID controller, transportable battery-backed write cache and RAID 6 options. Write cache improves disk performance.*** • ***Serial Attached SCSI (SAS): With up to 16 SAS drives and new embedded Smart Array RAID controllers, users get quicker access to data and increase storage bandwidth for enhanced storage performance.***

Advantage	Feature Description
Smart, flexible systems ready for complex, dynamic environments	• ***Insight Control is essential infrastructure management that speeds server deployment, proactively manages health, optimizes power management, and offers control from anywhere—available standard on performance models.*** • ***Integrated Lights-Out (ILO) allows powerful, hardware-based remote administration and control from a standard web browser to conserve valuable IT staff resources.*** • ***Server configuration and deployment is simplified with tools like SmartStart, Rapid Deployment Pack, PXE, and ROM-Based Setup Utility (RBSU).*** • ***Integrated VMware and XenServer virtualization technology; internal USB and SD slot.*** • ***System Insight Display is some rugged slide-out system diagnostics display which saves administrators time with easy to find trouble-shooting information at the front of the server.***
Energy efficiency leadership	• ***Delivering more power for your needs with the highest efficiency in the industry, as seen by meeting Climate Savers Computing Gold, 80PLUS Gold, and setting the standards for Energy Star for Servers compliance.*** • ***Right-sized power supplies from 460 Watts at 92 percent efficiency, 750 Watts at 92 percent efficiency, to 1200 Watts at 94 percent efficiency.*** • ***HP-unique Thermal Logic Technologies provide intelligent power and cooling with "Sea of Sensors" that manage and adjust power and cooling throughout the server to provide continuous peak performance and efficient cooling.*** • ***Improve capacity up to three times with Insight Control and Dynamic Power Capping. Dynamic Power Capping allows capping the server's power use level, without impacting performance and still fully protecting the Circuit Breakers in the rack.***
Engineered for reliability and ease of ownership	• ***Clean, tool-free, mechanical design enhances reliability and simplifies configuration and maintenance with tool-free, modular components, hot-plug redundancy features for fast maintenance, and minimal cables for easy access to components.*** • ***With universal tool-free sliding rails, HP Servers and Blades are quick to install, and quick-release levers allow for fast server access. An ambidextrous cable management arm option provides cabling flexibility and management for quick access to the server.*** • ***The focus on Server Commonality increases IT productivity and manageability with universal drives, Smart Array Controllers, and common power supplies and components to simplify spare parts inventories.*** • ***ROM-based configuration and management features increase uptime and simplify configuration and independent health monitoring.***

Using HP Servers and Blades for scalability, availability, efficiency, makes EPPIC the ideal hardware platform for Nevada.

Routers and Firewalls

For EPPIC connectivity, our routers and firewalls use simple network management protocol (SNMP) V3 for network management functions such as performance monitoring and remote configuration. To access SNMP-enabled devices, a password in the form of a "community string" is required. We change the default community strings for network devices. These devices are under dual control by the Conduent security team and systems team. All production environments have independent user and system access administration and two-factor authentication.

To ensure reliable file transfer performance, we use Linoma Software's Go Anywhere to transmit and receive, monitor files, and generate alerts. We also use a suite of IBM application monitoring and notification tools for a real-time view into application performance. These tools include: IBM Tivoli Netcool Omnibus, IBM Tivoli Netcool Impact, ITCAM for Transactions, ITCAM for J2EE/WebSphere, ITCAM for Applications, and Tivoli Business Service Manager.

Telecommunications Facilities and Architecture

We establish all dedicated communications facilities with the State for both batch and online transmissions, and then operate and maintain the interface between the Nevada eligibility systems and EPPIC. We set up communications with diverse external stakeholders as well, including EBT-only retailers, TPPs, WIC vendors, FNS personnel, cardholders through the internet, and our own cardholder and retailer/vendor IVRs and customer service centers. Our solution facilitates Administrative Terminal access from the State program offices, and fully supports online, real-time communications between those offices and EPPIC. We assume full responsibility for the ordering, installation, configuration, monitoring, and cost of these links including any necessary hardware, such as routers, at the State's data center facilities.

Our technology group has reviewed the State's hardware and software configurations, and has confirmed that our communications approach readily accommodates all required technical elements. With respect to protocols, our open architecture design allows us to connect with virtually any hardware device or protocol available. EPPIC interfaces with all State and federal systems and is designed to receive and update account setup, account maintenance, and benefit authorization files either through batch transmission or online in real time.

During the JAD sessions, our technical team works closely with their Nevada agency counterparts to identify the appropriate capacity for each type of communications facility to make certain that all transmissions are completed within the timeframes required by the State.

The State-to-EPPIC connectivity resides on an independent WAN maintained internally by our Network Support Team at the data center in Dallas, Texas, which also applies connectivity for the backup data center in Pittsburgh, Pennsylvania, the TPPs, State and local agency offices, contractor partners, and other authorized external clients. Network services are provided by both Sprint and Level 3 Communications, which act as primary and backup links.

As noted, we provide network connectivity to the State's host system (or systems) and EPPIC to support both batch and online data transfer between the systems. For example, we acknowledge the different interfaces required for the Nevada Operations of Multi-Automated Data Systems (NOMADS) system supporting SNAP and TANF, and the Mountain Plains States Consortium (MPSC) State Agency Model (SAM) MIS for WIC eligibility, certification, and benefit issuance as required in RFP Section 4.14.2.7, WIC MIS Interface Design and Testing. The online connectivity accommodates the transfer of administrative transaction data from the State's Administrative Terminal application.

Our batch process supports any Transmission Control Protocol/Internet Protocol (TCP/IP) interface with Secure File Transfer Protocol (SFTP) being our preferred method. While File Transfer Protocol (FTP) is an option, for security reasons we strongly recommend not using FTP.

We allow for two different methods of data transfer: private Multi-Protocol Label Switching (MPLS) circuits and Virtual Private Network (VPN) tunnels. We prefer VPN tunnels due to faster set-up, greater flexibility, and inherent cryptography. Currently, we use an Adaptive Security Appliance (ASA) to create VPN tunnels.

A graphical depiction of our overall telecommunications network connecting the State of Nevada to EPPIC is provided in Exhibit V-3. This graphic clearly identifies the various communication paths used to provide redundant telecommunications using different carriers to all parties. Exhibit V-4 shows an overview of EPPIC's interface design and workflow.

We also provide all necessary hardware and software to confirm connectivity between EPPIC and the WIC MIS. Exhibit V-5 shows our overall connectivity solution, identifying the various major communication paths used to provide primary and redundant telecommunications to all parties. During the Development Phase, we provide a more detailed diagram of the network as part of the DTSD.

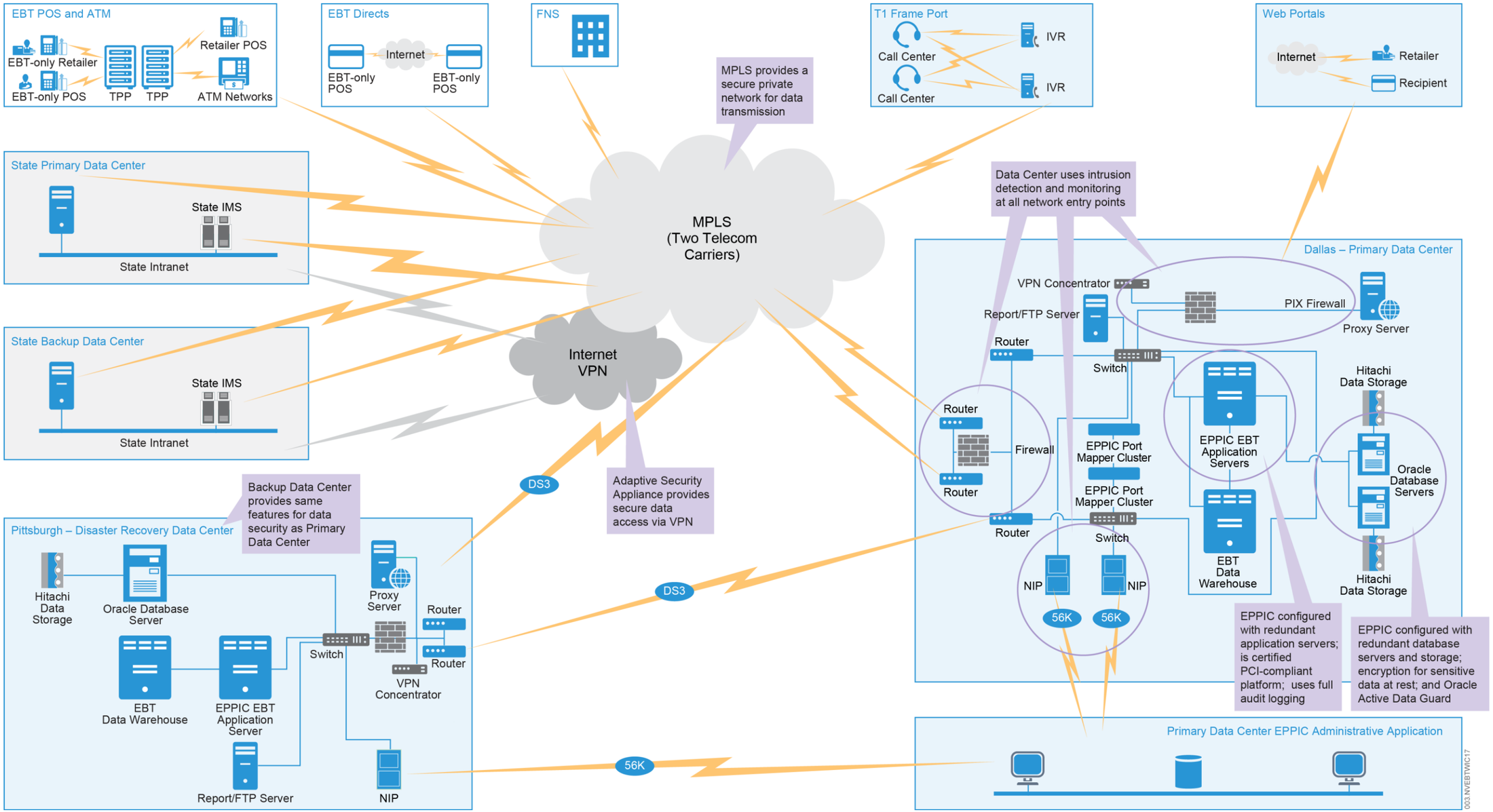


Exhibit *V-3*. State to EPPIC Connectivity

EPPIC communicates with the State systems through fast, secure interface connections and protocols.

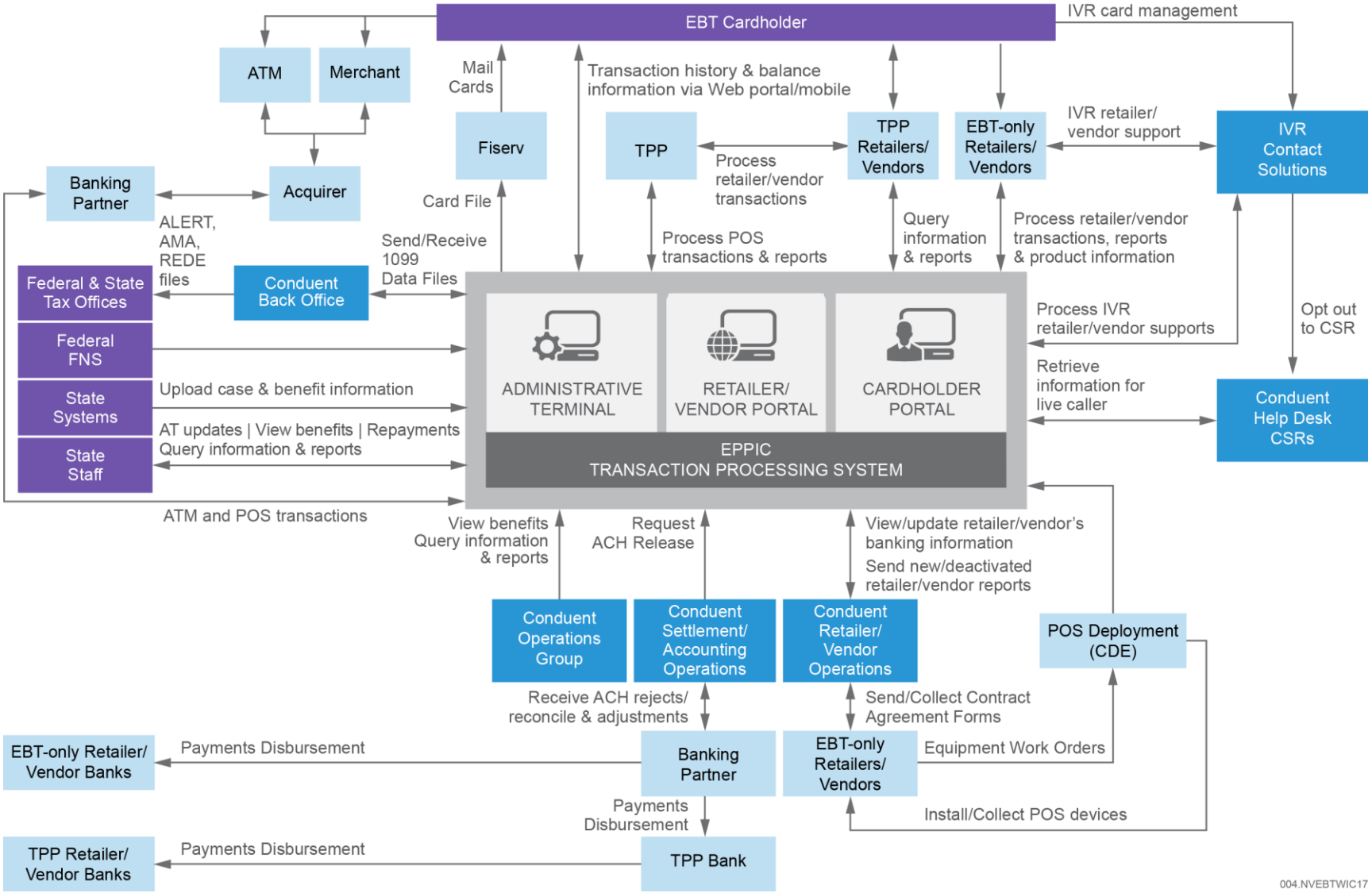


Exhibit *V-4*. Overview of EPPIC Interface Design and Workflow

EPPIC interfaces with various entities to deliver a robust and technically advanced system for your three Nevada EBT Programs.

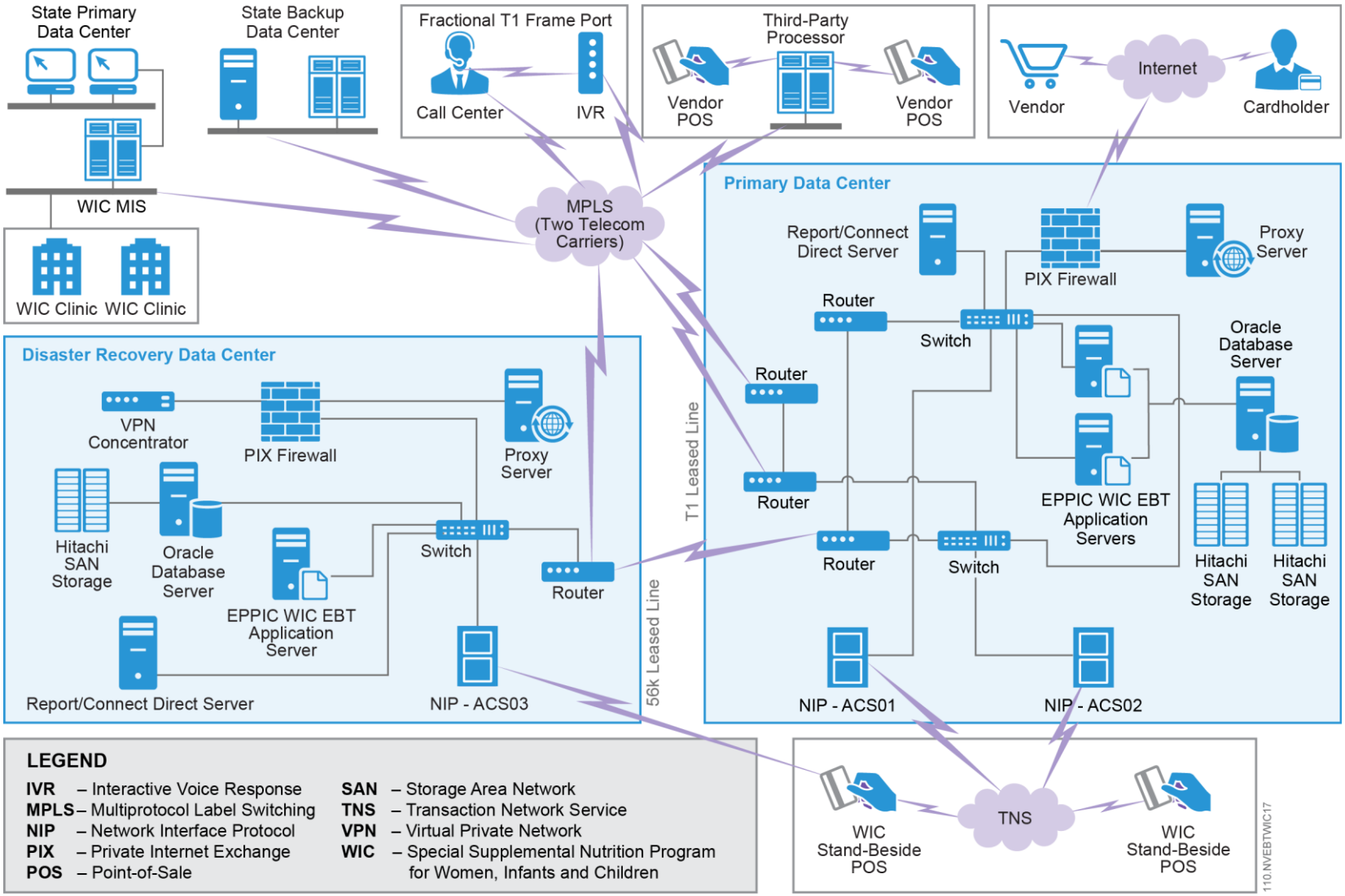


Exhibit V-5. Telecommunications Network

Conduent provides a secure, reliable telecommunications network for all Nevada WIC EBT stakeholders to ensure uninterrupted processing EPPIC architecture.

We look forward to discussing our proposed communications and interfaces along with all our technical designs for your systems during the JAD sessions.

In the following sections, we provide details of how we will satisfy the SNAP, TANF, and WIC EBT technical requirements described in the RFP.

3.2.1 Systems Operations Manual
3.2.2 Reports Manuals
3.2.3 Detailed Technical Specification Documentation
3.2.4 Software and Automated Data Processing
3.2.5 Regulation and Guideline Standards
3.2.6 Processing Speed Requirements
3.2.7 Scheduled Maintenance
3.2.8 Encryption
3.2.9 POS Terminal Technical Standards
3.2.10 EBT-Only Equipment Support Services
3.2.11 Third Party Processors
3.2.12 Retailer Management
3.2.13 Retailer Database Management
3.2.14 EBT-Only Retailer Support
3.2.15 Retailer Lease/Purchase Equipment
3.2.16 Retailer Phone Lines
3.2.17 Fraud Detection

3.2.1 Systems Operations Manual

DHHS' and Conduent's technical staff need access to information about system operations, monitoring, issue escalation, and defect correction for each of the EBT Programs. To meet this need, and as required, we develop a System Operations Manual for each of your SNAP, TANF, and WIC EBT Programs. Because SNAP and TANF are similar programs, and as clarified in the answer to Question #18 of Amendment 1, we provide one System Operations Manual for the SNAP and TANF Programs. Therefore, we have outlined our two Systems Operations Manuals (SNAP/TANF and WIC EBT) in the remainder of this section.

Each System Operations Manual contains technical and procedural information for problem resolution. Technical support staff can refer to this manual to understand system processing, identify implemented web services and files, and review end of day processing, reports, and Administrative Terminal functionality. Our EPPIC24 technical support staff is trained to refer to this manual for information about problem tracking procedures for each program, resolution timelines, and service level agreements when issues are reported. The manual is provided within the timeframes established in the approved Preliminary Project Plan.

We have reviewed RFP Section 4.14.2.15, Systems Operations Manual for WIC, and will develop the WIC EBT Program Systems Operations Manual in accordance with the requirements and as further described below.

As required in RFP Section 3.2.2.1, System Operations Manuals, we include a separate Systems Reports Manual as part of our systems operations documentation. The Systems Reports Manual includes report descriptions, reporting requirements, file and report formats, and reporting schedules.

3.2.1.1 The EBT contractor shall provide System Operations Manuals, one for each EBT Program. These manuals shall include the following:

A. Message-based transmissions;
B. Batch files and the times of transmission;
C. File receipt and error messages;
D. Administrative terminal configuration;
E. Problem resolution and escalation procedures; and
F. Batch maintenance record formats.

Our System Operations Manuals fully address the needs of Nevada's SNAP, TANF, and WIC EBT Program administrators. We work with you to complete a thorough assessment of your needs for each manual. This detailed manual reflects program-specific system operations and includes interface procedures and processes, file transfers, and plans for problem resolution/escalation. Our manuals include the information summarized in Table V-7.

Table V-7. Systems Operations Manual Contents

Section	Content Summary
Introduction Information	***Introductory information includes a table of contents, document history, key terms and acronyms, and an index.***
Systems Description	***This section provides descriptions of the major processing components of EPPIC (EBT Connect and WIC Connect) and State systems.***
Message-based Transmissions	***Descriptions of message-based transmissions for each program, including message formats and processes, are included in this section.***
Federal and State Batch Files and Transmission Times	***This section includes an explanation of how all federal and State batch file transmissions for each program are scheduled and monitored by Conduent data center staff in compliance with operational and statutory requirements, as well as a daily and monthly processing schedule with job/file names and processing order/times. It also includes details of the security involved in the batch file transmission and monitoring process for every transmission.***
File Receipt and Error Messages	***An explanation of file receipt processes, error messages, and confirmation messages for each program is included in this section.***
Administrative Terminal Configuration	***This section includes an overview of the functions of the Administrative Terminal, the various types of activities that can be accomplished using it, and the secure log-on procedure for the various types of authorized State users.***
Problem Resolution/Recovery and Escalation Procedures	***This section provides instructions to initiate escalation procedures for immediate response to a problem event for each EBT Program. The procedures include an escalation contact list of key Conduent and State personnel with names, telephone, and mobile numbers, and a list of severity levels for identifying the priority of the problem. Also, the section provides guidelines to identify problem severity and expected timeframes for resolution based upon severity.***
Batch Maintenance Record Formats and Conventions	***This section serves as a reference tool for State and Conduent users. Specific State-defined record formats and conventions for processing batch files are adapted and included within this portion of the manual.***
Settlement and Reconciliation Requirements for SNAP and TANF	***This section defines the settlement and reconciliation requirements for SNAP and TANF program staff to perform a daily reconciliation of our EBT Connect solution on EPPIC that aligns with federal regulations. It also identifies the specific settlement and reconciliation reports including formats and data elements.***
Settlement and Reconciliation Requirements for WIC EBT	***This section defines the settlement and reconciliation requirements for the Nevada WIC and ITCN WIC Programs' staff to perform a daily reconciliation of our WIC Connect solution on EPPIC and the WIC MIS that aligns with federal regulations. This manual section identifies the specific settlement and reconciliation reports including formats and data elements.***
Reporting	***This section includes descriptions of the reports and provides details on each EBT Program's reporting requirements, methods, and reporting schedules.***

The Systems Operations Manuals are reviewed and updated throughout the life of the contract.

3.2.1.2 The problem resolution and escalation procedures shall define the process by which the Project Managers will report system and operational problems to the EBT contractor and the process by which problems will be resolved and the resolution reported back to the State. The procedures shall include a priority scheme for identifying the relevant severity of the problem and the expected timeframes for resolution based upon the designated severity:

A. At a minimum, the EBT contractor shall begin work on resolving severe problems immediately upon notification and shall provide hourly updates to the Project Managers and staff until the problem is resolved. These problems impact the ability to conduct business and should be addressed accordingly. For example:

1. Blocks development and/or testing – resolution required within 24 hours

2. System 'crashes' or loss of data – resolution required within 48 hours

3. Major loss of functionality – resolution required within 72 hours

B. On moderate problems (problems that impact some functionality but do not impact the ability to conduct business), the EBT contractor shall resolve within two (2) weeks and provide daily updates until the problem is resolved.

C. On minor problems (minor bugs that do not impact major functions or the ability to conduct business) the EBT contractor shall resolve the problem within four (4) weeks and shall provide weekly updates until the problem is resolved.

As noted, our System Operations Manuals include sections on our Problem Resolution and Escalation Procedures. These procedures define how you report system and operational problems, how we resolve problems, and how we report their resolution back to you. With these procedures in place to protect the integrity of the system, we reduce the risk of disruptions to operations, restore operations quickly when disruptions occur, and prevent similar incidents in the future. Our time-tested problem management solution—in place today in the numerous state EBT and WIC EBT programs we operate—is a combination of technology, processes, and commitment from the entire company.

Our Problem Resolution and Escalation Procedures provide instructions to initiate escalation procedures for immediate response to a problem event. The procedures describe the formal written process for monitoring and resolution of all incidents and problems, and include an escalation contact list with names, telephone numbers, and email addresses of corporate officers. The objective of our Problem Resolution and Escalation Procedures is to establish a structured, repeatable issue management process to ensure timely resolution of issues to avoid a negative impact to any of your three EBT Programs. The objective of continuous identification of issues is to allow development of a more effective and well-timed strategy for resolving them. The Problem Resolution and Escalation Procedures portion of the Systems Operations Manuals defines the strategy our team follows to support a continuous issue management model. A synopsis of the plan is shown in Table V-8.

Table V-8. Problem Resolution and Escalation Procedures

Content	Description
Introductory Information	*Cover/title page, table of contents, document history, key terms*

Incident and Problem Management Process	• *Defining an incident or problem*
	• *Notification and recording process*
	• *EPPIC24, our operational help desk*
	  – *EPPIC24 purpose and organization*
	  – *Problem/issue input and tracking*
	• *Escalation procedures and process steps*
	• *Incident and problem monitoring and closure*
	• *Continuous issue monitoring*
	• *Future incident prevention and modifications*

Roles and Responsibilities	*Detailed description of Conduent project team members responsible for problem management processes identifying all roles and responsibilities, including complete contact information*
Milestones	*Milestones related to incident and problem management as described in the plan*
Reporting Processes	*Reporting processes for all incidents/issues/problems to designated DHHS and Conduent program and corporate staff members*
Supporting Documentation	*Specific plans, processes, and procedures for items discussed in the main document*

Our procedures include a priority scheme for identifying the relevant severity of the problem and the expected timeframes for resolution based upon the designated severity. We define an incident as an event that is not part of standard operation that causes or may cause an interruption of, or impact the quality of, a service. We define a problem as a condition that is identified because of an incident, or repeated incidents, that exhibit common systems. Under these definitions, the objective of incident management is to restore normal operations, with the least amount of impact, in a timely and cost-effective manner. The objective of problem management is to minimize the impact of problems on service to you, and remedy incidents permanently.

When an incident is reported by Conduent, a subcontractor, or the State—it is logged into our JTrac issue-tracking software tool. A JTrac ticket number is assigned to problem when it is logged. The issue is then forwarded to production support staff for review and action. The issue and associated JTrac ticket number are entered in the issues log. Every time a ticket status changes, designated internal Conduent staff are alerted. From that point on, it remains an action item and appears in status reports until it is resolved.

Severe Incidents or Problems

As part of the Problem Resolution and Escalation Procedures described previously, we identify an incident or problem based foremost on its severity level and begin working on resolving these incidents or problems immediately upon notification. We provide hourly updates to the DHHS Project Managers and staff until the incident or problem is resolved. We prioritize and address issues in a timely manner according to the type of incident, as shown in Table V-9.

Table V-9. Severity Levels and Resolution Timeline

Level	Description
1	*An incident that blocks system development or testing. We resolve these incidents or problems within 24 hours.*
2	*An incident that cause a system crash or loss of data. We resolve these issues within 48 hours.*
3	*An incident that causes a major loss of functionality. We resolve these issues within 72 hours.*

Severe issues or problems have caused, or have potential to cause, the entire system to go down or to become unavailable. Other high priority severe issues or problems directly affect cardholders or many other stakeholders who are prevented from using the system. These high-priority problems include those that render a site unable to function, make key functions of the system inoperable, significantly slow processing of data, severely impact multiple stakeholders, lead to federal penalties, misdirect payments, or severely corrupt data.

Moderate Incidents or Problems

We resolve moderate incidents or problems within two weeks and provide daily status updates to you until the problem is resolved. Moderate incidents or problems impact some system functionality but do not impact the ability to conduct program business. Moderate incidents or problems include those errors that render minor and non-critical functions of the system inoperable or unstable, and other problems that prevent stakeholders or administrators from performing some of their tasks.

Minor Incidents or Problems

We resolve minor problems within four weeks and provide weekly status updates to you until the problem is resolved. Minor incidents or problems (minor bugs) do not impact major functions or the ability to conduct program business. These include service requests and other problems that prevent a user from performing some tasks, but in situations where a workaround is available.

All defects or problems are reported to the DHHS Project Managers and staff according to the schedule based on the priority assigned to the defect or problem. Whether the matter at hand is an incident (i.e., single event) or problem (i.e., repeated event), it receives our full attention. Other specialists are added to the problem resolution team as needed to achieve an effective and prompt resolution.

EPPIC24 Help Desk

To ensure that any system-related issues are investigated and resolved as quickly as possible, we offer our EPPIC24 help desk. EPPIC24 is in place today and is operational 24/7/365, not just during business hours. DHHS Project Managers and staff can contact EPPIC24 by phone or email with issues regarding file transmissions, data reporting, file activity, or other technical issues regarding SNAP/TANF EBT and WIC EBT services. The EPPIC24 help desk receives reports of technical problems or issues with EPPIC, opens tickets, assigns these tickets to technical resources, and then tracks, follows up, and reports on progress towards resolution. If the issue cannot be resolved through EPPIC24, it is escalated to the appropriate hardware or software solution group. Throughout the problem resolution process, your staff can email or call the help desk at any time to check the status of any issue. An EPPIC24 information sheet is shown in Exhibit V-6.

Electronic Payment Services

EPPIC24

EPPIC24 is our toll-free, 24/7 support center dedicated to providing customer service to our Electronic Payment Services (EPS) customers.

WHO SHOULD CALL EPPIC24?

- State project support staff
- State IT operations
- Third Party Processors

The EPPIC24 support center services the following products: Electronic Benefit Transfer (EBT), Electronic Payment Card (EPC), e-ChildCare (e-CC), and WIC EBT.

WHAT HAPPENS WHEN I CALL?

- Provide the state and product; e.g., Nevada SNAP/ TANF EBT Program or Nevada WIC EBT Program
- Provide your organization, name and contact information
- Provide a description of the issue

The representative then logs the call, providing a ticket number for tracking purposes and either provides immediate resolution, begins working the issue, or escalates the issues to the appropriate Conduent staff person. You may expect timely response from support center personnel and/or your respective Conduent Project Manager.

WHEN TO CALL THE EPPIC24 SERVICE CENTER:

- File transmission issues (both incoming and outgoing)
- Report issues
- System issues

We also offer an EPPIC24 email address for additional communication during the resolution of the issue. The email address is eppic24@conduent.com.

STRIVING TO MEET OUR CUSTOMERS NEEDS

EPPIC24

877-377-4211
(877-EPPIC11)

Please contact your Conduent Project Manager if you have any questions.

013.NVEBTWIC17

Exhibit V-6. EPPIC24 Fact Sheet

EPPIC24 provides 24/7/365 technical support services to your staff.

Additionally, to confirm that operational issues such as settlement/reconciliation questions, card production, claims processing, customer service, or other types of operational issues are resolved quickly, they may be submitted by email or telephone to Angie Hernandez, our SNAP/TANF EBT Project Manager or Jeff Vinsant,

our WIC EBT Project Manager. They will either provide the response or, as needed, engage the appropriate subject matter expert(s) to resolve the issue.

3.2.1.3 The Systems Operations Manual for SNAP/TANF shall provide a section to define the Settlement and Reconciliation requirements for the SNAP/TANF staff to perform a daily reconciliation of the EBT contractor's EBT system to align with the requirements of Federal regulations. The manual section shall identify the specific settlement and reconciliation reports including formats and data elements.

As previously noted in Table V-7, Systems Operations Manual Contents, our Systems Operations Manual for the SNAP and TANF EBT Programs includes a section on the settlement and reconciliation requirements and procedures for the State's SNAP and TANF staff to perform daily reconciliations of our EBT Connect solution on EPPIC. Our settlement and reconciliation procedures conform to and align with USDA FNS regulations. This section of the manual also identifies the specific settlement and reconciliation reports including report format and data elements.

3.2.1.4 The System Operations Manual for the WIC Programs shall provide a section to define the Settlement and Reconciliation requirements for the Nevada WIC and ITCN WIC Programs' staff to perform a daily reconciliation of the EBT contractor's EBT system and the WIC MIS to align with the requirements of Federal regulations. The manual section shall identify the specific settlement and reconciliation reports including formats and data elements.

As previously noted in Table V-7, Systems Operations Manual Contents, our Systems Operations Manual for the WIC EBT Program includes a section on the settlement and reconciliation requirements and procedures for the Nevada WIC and ITCN Programs' staff to perform daily reconciliations of our WIC Connect solution on EPPIC. Our settlement and reconciliation procedures conform to and align with USDA FNS regulations. This section of the manual also identifies the specific settlement and reconciliation reports including report format and data elements.

3.2.1.5 The System Operations Manuals shall describe all Administrative Functions Procedures, written in cooperation with WIC and SNAP/TANF staff, which defines the necessary guidance and procedures for WIC and SNAP/TANF staff to complete their role's administrative functions. The Systems Operations Manuals shall be in hardcopy and electronic format.

We provide complete instructions of all administrative functions procedures either a part of the Systems Operations Manual or as a stand-alone Administrative Functions Procedures Manual. The manual is written and developed in cooperation with agency staff to ensure that all your needs and requirements are met for your three EBT Programs.

The Administrative Functions Procedures Manual is a primary training document and reference guide that supports the ongoing training and operational support needs of your staff. It includes guidance and procedures, including Administrative Terminal screens, to complete administrative functions for the programs. The manual provides step-by-step instructions that detail all the administrative software functionality used in the Nevada SNAP, TANF, and WIC EBT Programs.

Our easy-to-use manual guides staff through their appropriate functions, as it provides an in-depth explanation of the screens and functions supported by the Administrative Terminal, featuring step-by-step instructions on the functions used most often by individual users.

As noted previously, because SNAP and TANF are similar programs, and as clarified in Question #18 of Amendment 1, we provide one Administrative Functions Procedures Manual for the SNAP and TANF Programs and one Administrative Functions Procedures Manual for the WIC EBT Program.

Provision of the Systems Operations Manual

We provide the SNAP/TANF and the WIC EBT Systems Operations Manuals in hard copy and electronic format for agency staff to support the Nevada SNAP, TANF, and WIC EBT Programs. The distribution and format of the Systems Operations Manuals and other deliverables will be determined during the JAD sessions at the outset of the programs.

3.2.2 Reports Manuals

We know firsthand the importance of an easy-to-follow and detailed Reports Manual, as program data and reports assist State staff in making management decisions, as well as in monitoring system performance and program integrity, performing reconciliation activities, and providing information to federal agencies. Along with the specific reports we produce for your three Nevada EBT Programs, we provide you with Reports Manuals that include detailed descriptions of all standard EPPIC reports, report objectives, data sources used for each of your EBT Programs, defined data elements and report formats, as well as a delivery schedule for all reports. The manuals also contain report samples to guide agency staff visually through the reports.

3.2.2.1 The System Operations Manuals shall provide a section for Reports Descriptions that details each programs' reporting requirements, report descriptions, methods and reporting schedules.

Because SNAP and TANF are similar programs, and as clarified in Question #18 of Amendment 1, we provide one System Operations Manual for the SNAP and TANF Programs and a separate manual for the WIC Programs. Therefore, we have referenced our two Systems Operations Manuals (SNAP/TANF EBT and WIC EBT) in the remainder of this section.

In addition to the System Operations Manuals described earlier in our response to RFP Section 3.2.1.1, System Operations Manuals, we include separate System Reports Manuals for your SNAP/TANF EBT and WIC EBT Programs that, at a minimum, detail the reporting requirements, report descriptions, methods of reporting, and reporting schedules. Additional information regarding these manuals is provided in the following proposal section.

3.2.2.2 The Reports Manuals shall include report objectives, a definition of the data elements, the algorithms used to calculate values, and report formats.

A. To support ongoing operations, the EBT contractor shall provide and maintain a SNAP System Reports Manual. The manual shall define the reports that are standard reports run using the SNAP EBT data, the steps to run the reports, the report generation frequency and the means to complete ad hoc reports.

B. To support ongoing operations, the EBT contractor shall provide and maintain a TANF Card System Reports Manual. The manual shall define the reports that are standard reports run using the TANF data, the steps to run the reports, the report generation frequency and the means to complete ad hoc reports.

C. To support ongoing operations, the EBT contractor shall provide and maintain a WIC EBT System Reports Manual. The manual shall

define the reports that are standard reports run using the State and ITCN WIC Programs data, the steps to run the reports, the report generation frequency and the means to complete ad hoc reports.

The Reports Manual is a comprehensive document containing all the standard reports available through our Connect solutions. We provide manuals for your SNAP, TANF, and WIC EBT Programs to support ongoing operations. Because SNAP and TANF are similar programs, and as clarified in Question #18 of Amendment 1, we have combined these two manuals. The SNAP/TANF EBT and WIC EBT System Reports Manuals identify objectives for each report, include data element definitions, describe the algorithms we use to calculate data values, and identify the report formats.

Additionally, we will provide a separate SNAP and TANF Data Warehouse User Guide that includes ad hoc reporting features as noted in our response to RFP Section 4.12.2.5, Data Warehouse, Requirement B. We also will produce a comparable guide for the WIC EBT Program. The use of separate manuals is appropriate because the number of data warehouse users is more restrictive than general reports, so many of the Nevada users who will need access to the System Reports Manuals for the SNAP/TANF EBT Programs and the WIC EBT Program may not have access to the data warehouse feature. Please see our response to RFP Section 4.12.2.5, Data Warehouse , for more information about our data warehouse solution.

SNAP/TANF System Reports Manual. This manual describes the standard reports we generate through EBT Connect using data from the SNAP/TANF EBT Programs, the steps necessary for agency staff to run the reports, how often the reports are produced, and the methodology for creating ad hoc reports.

WIC EBT System Reports Manual. This manual likewise defines the standard reports we produce through WIC Connect using data from the State and ITCN WIC EBT Programs, the needed steps for agency staff to run the reports, the frequency of report generation, and the approach used for generating ad hoc reports.

Both of the previous manuals describe every report as well as periodic reporting data files in detail, and include reports samples along with information as to the manner in which agency staff can access them. The manuals assist Nevada SNAP, TANF, and WIC EBT users at all levels to become familiar with EPPIC's reports and reporting procedures. Contents of the manuals are summarized in Table V-10.

Table V-10. System Reports Manual Contents

Content	Description
Description of Report	Screen print of each report and explanation of objective and report format
Data Elements/Algorithms used to Calculate Values	Files and data elements used to produce the report
Reporting Schedule	How often the report is provided
Report Access Method	How the report is accessed (i.e., through the Administrative Terminal or file transfer) and in what format (i.e., PDF, Excel, text file)
Ad Hoc Report Generation	Overview of the process for generating ad hoc reports

DHHS will review and approve our System Reports Manuals, and once approved, we deliver the final manual prior to system conversion and provide reports training to State staff who use the SNAP, TANF, and WIC EBT reporting functionality; as well as personnel who are authorized to use the data warehouse reporting functionality for the three EBT Programs. As we do with all of our other manuals, we update and maintain your System Reports Manuals for the duration of the contract to reflect changes in features or reporting requirements.

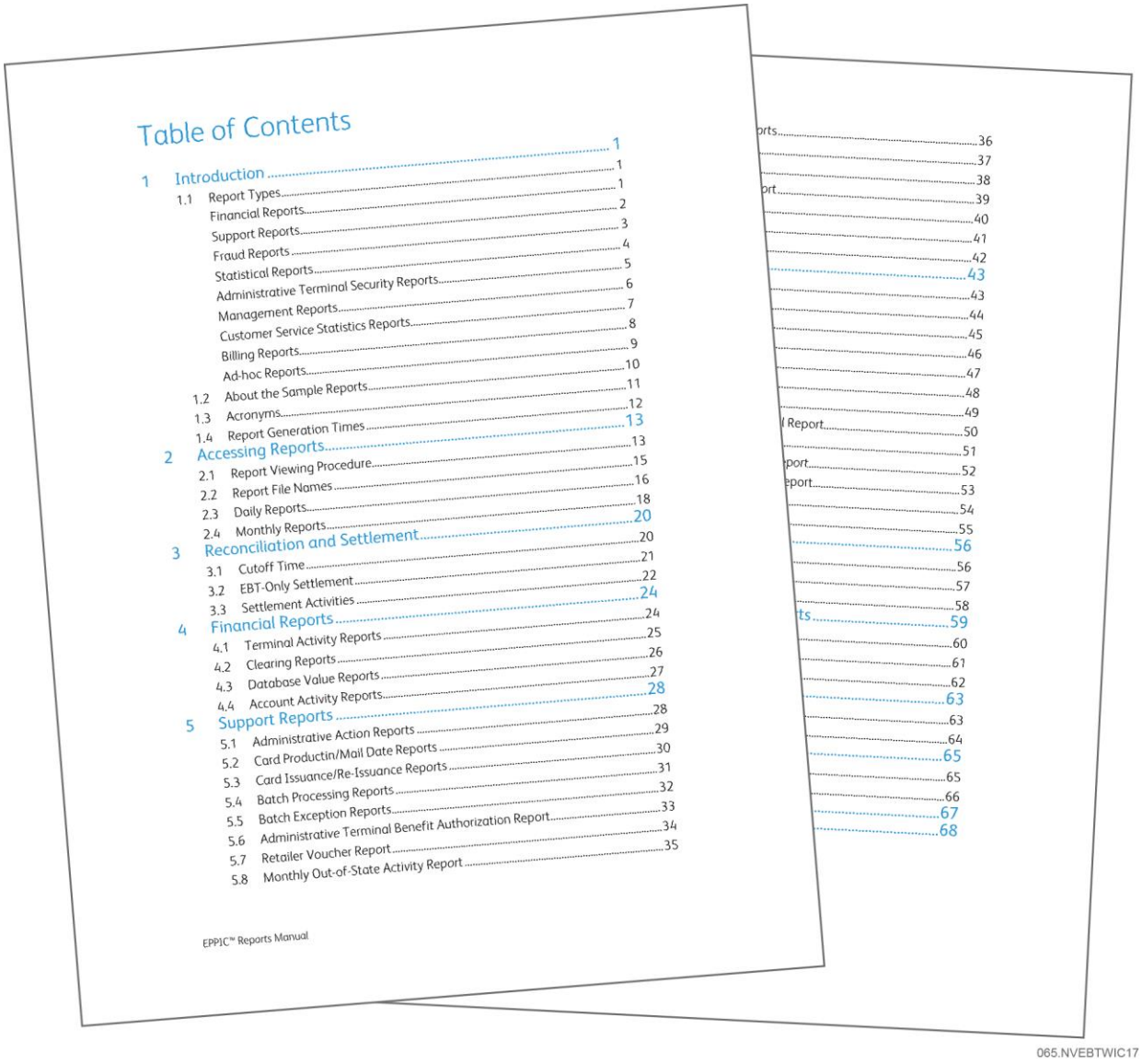
As noted, these manuals also provide a brief description of the periodic data files to be provided to you for internal report generation, as shown in Table V-11.

Table V-11. Data Files

Content	Description
Description of Files	***Purpose of the file***
Format of Files	***As prescribed by the State***
Frequency	***Incidence of transmissions***

Our standard System Reports Manuals are divided into sections focused on the various user types, making it quick and easy for your staff members to locate the type and specific report they need. A sample Table of Contents from a current Conduent SNAP/TANF Systems Reports Manual is shown in Exhibit V-7, while Exhibit V-8 includes a sample Table of Contents from an existing WIC EBT Systems Reports Manual.

Please note that the System Reports Manuals we produce for Nevada will be tailored to the specific reporting requirements identified by the State in RFP Section 4.12, SNAP/TANF Reporting and Data Requirements, and in RFP Section 4.14.2.18, WIC System Reports and System Data.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EPP1C™ Reports Manual

065.NVEBTWIC17

Exhibit V-7. Sample SNAP/TANF System Reports Manual Table of Contents
This manual describes and includes samples of all SNAP/TANF EBT reports.

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Exhibit V-8. Sample WIC EBT System Reports Manual Table of Contents
This manual describes and includes samples of all WIC EBT reports.

3.2.3 Detailed Technical Specification Documentation

The Detailed Technical Specifications Document (DTSD) shall describe the architecture and technical design of the EBT contractor's EBT system. The Document shall provide an architectural overview, a detailed description of the system architecture, a description of the system design, system qualities,

dependencies and standards. The Document shall include a data flow diagram, data dictionary and data models.

We know, as you do, the value of planning and documenting the details of a systems project in determining its ultimate success. To that end, we provide the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project with a comprehensive Detailed Technical Specification Document (DTSD). As with all our projects, the DTSD provides the State with an architectural overview, a detailed description of the system architecture and design, system qualities, dependencies, and standards. Our DTSD also includes data flow diagrams, a data dictionary, and data models.

The DTSD builds on the design foundation established in the JAD sessions and documented in the Detailed Functional Design Document (DFDD), as it describes the complete system configuration, including system hardware, functionality, file layouts, message and file flows, IVR scripts, data elements, system interfaces, settlement and reconciliation functions, and the System Security Plan, as well as all operations relative to the State business model. To assist State and federal personnel, the DTSD is divided into the overall configuration and then detailed further, and all components are mapped to the corresponding component in the DFDD. The system components included in the DTSD are listed in Table V-12.

Table V-12. Detailed Technical Specification Document

Requirement	Description
Architectural and System Design and System Hardware	***Description of:*** • ***Overview of system architecture and design*** • ***Hardware used by Conduent, including diagrams and specifications.*** • ***Geographic location of primary and backup sites*** • ***Storage and access security, message validation, and data control information*** • ***Software operating system, including descriptions of the system functions performed and their relationship to the database supported by Conduent*** • ***Commercial software applications*** • ***Language or technology of custom software*** • ***Interfaces with your three EBT Programs' system components*** • ***Inventory and detailed description of the reports and outputs generated by the system, including purpose, volume, frequency, source medium, and associated data elements***
Functionality, System Qualities, Dependencies, and Standards	***A description of State performance requirements and how we will meet them, mapped to the general requirements defined in the DFDD:*** • ***Descriptions of the system qualities for each program*** • ***Identification of system and functional dependencies***
File Layouts	***File layouts reflecting the customization to match the State's requirements***
Message and File Flows	***Path processes followed for each requirement, such as settlement and life cycle testing and file flows for all three EBT Programs***
IVR Scripts	***IVR scripts for cardholder, retailer, and vendor customer service functions and responsibilities***
Data Elements and File Formats	***Descriptions of data elements required for all transactions, files, reports, account maintenance, setup, and other actions; file layouts reflecting the customization to match State requirements***
System Interfaces	***Description of interfaces with the State data centers, retailer/vendor sites, FNS, financial institutions, customer service and the IVR. System interfaces and data elements also are typically captured in the Interface Control Document (ICD).***
Settlement and Reconciliation Functions	***A complete description and explanation of settlement to TPPs, retailers, and vendors, drawdown against the State's letter of credit, and daily reconciliation processes and procedures***
System Security Plan	***Policies and procedures for maintaining system security and data integrity***

Committed to the principle that communication between all parties is central to project success, and applying our experience developing these documents for other projects, we work with you to meet your specific program, system, and performance requirements. We produce the DTSD in accordance with the timeline and details approved in the project work plan, and update the document as needed to reflect any changes as the project progresses.

3.2.4 Software and Automated Data Processing

The EBT contractor shall comply with the software and automated data processing equipment ownership rights prescribed in Federal regulations and as further clarified or negotiated with the State and the Federal government. The EBT contractor is responsible for ensuring that the EBT system meets the processing requirements and criteria established by FNS. In order of precedence, the EBT contractor shall process EBT transactions in compliance with the following:

- Federal regulations (refer to ***Attachment K – Federal Laws and Authorities***);
- WIC EBT Operating Rules for WIC transactions;
- QUEST® EBT Operating Rules; and
- Prevailing industry performance standards.

As demonstrated since our first EBT program in 1996 and through our current performance across all our EBT programs, we comply with all applicable statutes, rules, and regulations governing EBT systems, system operations, and software and equipment ownership. Our programs comply with automated data processing equipment ownership rights prescribed in federal regulations and as further clarified or negotiated with each of our customer states and the federal government.

Our Connect Solutions on our EPPIC platform and all our EBT programs meet the processing requirements and criteria established by FNS and we process EBT transactions in compliance with the following:

- ***Federal regulations as listed in RFP Attachment K – Federal Laws and Authorities***
- ***WIC EBT Operating Rules for WIC transactions***
- ***QUEST® EBT Operating Rules***
- ***Prevailing industry performance standards***

We are very familiar with the required performance standards, supporting nearly 84 million registered cards, processing over 1.6 billion EBT program transactions in 2016 alone, and complying with the stated federal standards:

- ***System processing speeds defined in 7 CFR §274.8(b).***
- ***Response Time Standards (RTS) found at 7 CFR § 274.8(b)(1) for all online POS transactions. RTS are defined as the time between pressing "Enter/Send" at the input device and the receipt and display of the response.***
- ***RTS for transactions originating at ATMs, the customer service center, and Administrative Terminal are in accordance with general industry standards. All EBT transactions are processed in accordance with 7 CFR § 274.8(b)(1).***

3.2.5 Regulation and Guideline Standards

If there is a conflict between the governing regulations and guidelines regarding a specific standard, Nevada SNAP will determine the standard to which the EBT contractor must adhere. In determining the appropriate standard, the State will allow consultation and input from the EBT contractor. However, the final decision will remain with Nevada SNAP. In processing EBT transactions, it is the responsibility of the EBT contractor to ensure that the EBT system meets performance and technical standards and regulations in the areas of:

- System processing speeds;
- Availability and reliability;
- Security;
- Ease-of-use;
- Minimum card requirements;
- Performance; and
- Minimum transaction set.

We acknowledge that conflicts may exist between the governing regulations and guidelines regarding a specific standard, and will adhere to the standard Nevada SNAP determines to be the precedent. We will work closely with the State, at your request, to determine the appropriate standard and we accept that the final decision will remain with Nevada SNAP.

Based on our performance record across our past and current EBT programs, the State can be confident that we will meet the performance and technical standards and regulations prescribed for your three EBT Programs, including those summarized in Table V-13.

Table V-13. EPPIC Compliance with FNS System Requirements

Requirement	Conduent Delivers
System Processing Speeds	***All POS EBT-only and leased line systems meet criteria. Host processing times for online transaction requests are*** *two seconds or less****, which*** *exceeds* ***FNS requirements.***
Availability and Reliability	***The host central system (EPPIC) is available more than 99.9 percent of the time.***
Security	***EPPIC is built for secure transmission of data in accordance with all applicable regulations. Additionally, EPPIC allows the State to create secure user access by defining user access levels and groups.***
Ease of Use	***EPPIC is the easiest, most intuitive system available in the industry today. Minimal training is required and productivity is enhanced.***
Minimum Card Requirements	***The EBT card meets all ISO, ANSI, and Nevada RFP standards and requirements.***
Performance	***EPPIC responds to administrative application requests within two seconds.***
Minimum Transaction Set	***EPPIC meets all federal and State transaction set requirements. We can exceed these requirements should Nevada decide to enact optional functions in the future.***

3.2.6 Processing Speed Requirements

The EBT contractor shall comply with all relevant performance and technical requirements as stated in 7 CFR §274.8(b), 7 CFR §246, the Performance Standards outlined in the WIC EBT Operating Rules and as specified in ***Appendix E ~ Performance Standards***. The EBT contractor shall provide back-up purchase procedures for FNS authorized retailers when the EBT system is unavailable, both for unscheduled and planned outages.

As previously noted, we meet or exceed all relevant performance and technical requirements as stated in 7 CFR §274.8(b), 7 CFR §246, the Performance Standards outlined in the WIC EBT Operating Rules, and as specified in RFP Appendix E - Performance Standards.

Due to the redundancy of our system configuration, EPPIC never needs to be taken down for routine maintenance. However, in the event of an unforeseen outage such as a communications failure at a retailer/vendor facility or geographic area, backup purchase procedures are detailed in the following sections.

Store and Forward Transaction Processing

In the event of a communication or network failure outside our control that prevents the EBT retailer or WIC vendor from accepting EBT transactions, store and forward processing allows the transaction to be captured at the POS and submitted to the TPP or to EPPIC once communications are restored. Store and forward transactions are accepted at the risk of the retailer/vendor, due to the unavailability of the cardholder's balance at the time of the EBT transaction.

Offline Processing Interactions (Manual Vouchers)

Manual authorizations are used when the FNS-authorized retailer does not have a POS terminal, a system or device failure prevents processing of online SNAP benefit authorizations, or during disaster declarations. Retailers obtain voice authorizations for these sales through the IVR after account/balance verification.

In accordance with the SNAP provisions of the Agricultural Act of 2014, Conduent supports offline manual voucher processing for the following retailers:

- ***FNS-approved exempt retailers***
- ***Retailers authorized before March 21, 2014, and currently using manual vouchers for ongoing business until further notice is provided by USDA FNS***
- ***New retailers who purchase a store that already has one of the exemptions stated previously until further notice is received from USDA FNS***

In all these cases, the retailer relies on our proven, efficient, and easy-to-use manual SNAP processing procedures. Manual processing is not used under any circumstances for cash transactions.

Manual Voucher Processing

We provide a single toll-free number for SNAP retailers to call for assistance, including manual voucher authorization. We have found that it is easier for retailers to call one number for assistance than to phone separate numbers for assistance and manual vouchers. Voucher authorization is an early menu choice in the customer service center scripting and the retailer simply selects the menu option to begin the manual voucher authorization process.

Our SNAP manual voucher processing is currently interoperable throughout the United States. The manual process is consistent regardless of the EBT service provider for the out-of-state cardholder. When an out-of-state cardholder's transaction is processed manually, the retailer must call the cardholder's retailer customer service center to receive a voucher authorization, rather than the retailer customer service center that is called for in-state authorizations.

Conduent provides paper vouchers for use by exempt retailers, such as home delivery retailers, route vendors, and farmers' markets, who do not have immediate access to telephone lines or electricity, and for use by retailers when manual SNAP transactions are necessary, such as during system failure or disasters. Manual vouchers are not used for WIC.

In the case of exempt FNS retailers, the retailers are trained during the POS installation process on the use of the manual processing system and are provided an initial supply of vouchers. Conduent provides instructions, including the authorization telephone number and "send to" address (for exempt retailers) and adequate supplies of the vouchers to these retailers.

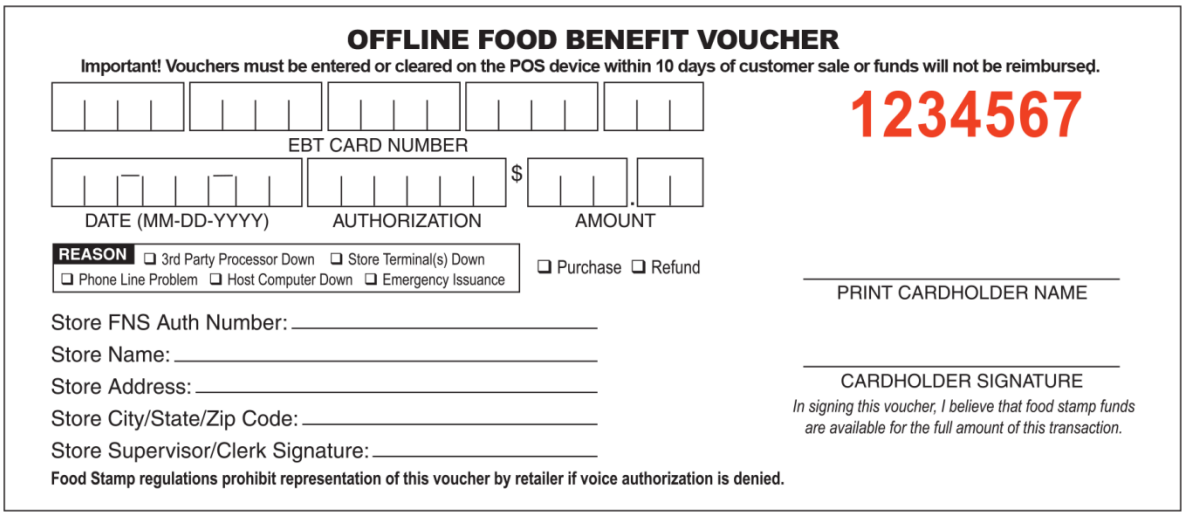
We also provide manual vouchers to all retailers for use in the event of a system failure or disaster. Shown in Exhibit V-9, our vouchers measure 2.5 inches by 6.0 inches, roughly the size of a dollar bill, so that cardholders can readily fit the voucher copies into their wallets, and retailers can easily place them in cash drawers. The vouchers are two- or three-ply documents that must be completed at the time of the purchase. Two-ply manual vouchers are used by POS-equipped retailers when the device cannot access EPPIC, while the three-ply vouchers are used by retailers without a device. The voucher is simple to complete and must be signed by the cardholder and the authorized retailer making the sale. The information on these vouchers is used by retailers to electronically clear manual transactions through a POS voucher clear transaction when system availability is restored. Manual vouchers are numbered serially for control and security purposes.

The manual voucher requires the retailer to include the following information:

- ***Date of transaction***
- ***Dollar amount of transaction***
- ***Cardholder printed name***
- ***Cashier signature***
- ***Store name and address***
- ***Retailer USDA FNS number***
- ***Cardholder account number***
- ***Cardholder signature***
- ***Authorization Number***
- ***Type of problem (telephone line, terminal), if any***

Some large retailers and TPPs design and print their own vouchers. We have and will continue to accept these vouchers, provided they contain the information outlined previously. Retailers that need to use Conduent-supplied vouchers contact our retailer customer service center whenever their supply begins to get low. We ship a new supply to the retailer free of charge so there always is a sufficient stock of vouchers.

If the retailer's POS terminal is unable to communicate with EPPIC at the time of the transaction, the retailer must complete the manual voucher and then call our toll-free retailer customer service center for an authorization number through the IVR. When telephoning the retailer customer service line, the retailer must follow the prompts to enter their USDA FNS number, cardholder card number, voucher number, and the amount of the transaction, so we can place a hold on the EBT account for the amount of the purchase. In all instances, the cardholder is required to present his or her Nevada EBT card and sign the paper voucher, which is a USDA FNS requirement for processing.



OFFLINE FOOD BENEFIT VOUCHER

Important! Vouchers must be entered or cleared on the POS device within 10 days of customer sale or funds will not be reimbursed.

1234567

EBT CARD NUMBER

DATE (MM-DD-YYYY) AUTHORIZATION AMOUNT $

REASON ❑ 3rd Party Processor Down ❑ Store Terminal(s) Down ❑ Phone Line Problem ❑ Host Computer Down ❑ Emergency Issuance

❑ Purchase ❑ Refund

Store FNS Auth Number:

Store Name:

Store Address:

Store City/State/Zip Code:

Store Supervisor/Clerk Signature:

Food Stamp regulations prohibit representation of this voucher by retailer if voice authorization is denied.

PRINT CARDHOLDER NAME

CARDHOLDER SIGNATURE

In signing this voucher, I believe that food stamp funds are available for the full amount of this transaction.

Exhibit V-9. Manual Vouchers

Our manual vouchers are designed to allow cardholders to fit their copy in a wallet and retailers to easily fit the voucher in a cash drawer.

Voice Authorization for Manual Vouchers

Our established and operational manual voucher/voice authorization system records the processing steps that authorize purchase or return transactions. This process provides for an immediate authorization to encumber the funds through a telephone authorization. A cardholder's signature is required on the voucher as a substitute for the cardholder's PIN.

We provide retailer training materials that include instructions for retailers to call our toll-free IVR for a voice authorization before dispensing purchased goods. The IVR authorization process is automated as part of our retailer customer service functionality. The retailer must follow the prompts to enter their USDA FNS number, cardholder card number, voucher number, and the amount of the transaction. Retailers also may obtain manual voucher authorizations from a customer service representative (CSR) in the unlikely event the IVR is unavailable.

We accept signed vouchers submitted by retailers without prior telephone authorization, but only at the retailer's risk. Conduent releases the funds from the cardholder's account to the retailer's account only if there are sufficient funds available to cover the voucher amount indicated on the face of the voucher at the time it was processed. If the cardholder's account balance is insufficient to cover the voucher amount and the retailer failed to obtain prior authorization from the IVR, the retailer assumes full liability for the amount of the transaction.

Hold on Funds

When the approval number is issued for a manual SNAP sale, funds are placed on an electronic "hold" for up to 30 days, until the voucher has been cleared. Retailers must submit the voucher within the State-specified timeframe to be processed and cleared successfully. If the voucher has not been cleared by the retailer within the State specified timeframes, for example, either electronically in 15 days or as a paper voucher in 30 days, the funds are released back to the cardholder. It is the retailer's responsibility to confirm that the voucher has been completed properly and submitted for clearing to our processing center or cleared electronically through a POS voucher-clear transaction. The retailer or acquirer bears the liability for the transaction if the voucher is not cleared promptly, and acquirers can recover the funds from the retailer. Retailers assume sole liability for manual SNAP EBT transactions under the following conditions:

- ***Voucher submitted for payment without prior telephone authorization***
- ***Cardholder signature missing from the voucher***

- ***Approval number not listed on voucher and insufficient funds in cardholder's account***
- ***Voucher not submitted within the State-specified timeframes***

Stand-in Processing

System outages, no matter how rare, will not prevent cardholder's access to benefits and retailers will not face losses on properly conducted transactions due to insufficient funds. In the unlikely event of system unavailability and retailers cannot process transactions, Conduent has in place a procedure that allows for stand-in processing of SNAP purchases. In accordance with RFP Section 4.15.2.5, Manual SNAP Transactions, for Nevada the limit for "stand-in" processing of SNAP purchases under such conditions will be up to $50 per cardholder per day (from 12:00 AM until 11:59 PM).

Retailers learn that stand-in processing is in effect by calling the IVR, which will have a message that the procedures are in place. From that notification, they can determine how best to proceed. In this case Conduent is liable for any transaction processed up to the $50 amount required by the State. If a retailer authorizes a transaction for more than that amount, they are liable for any amount in excess of it if there are insufficient funds in the cardholder account to cover the purchase. Our CSRs are available 24/7/365 to assist retailers who have questions about any transaction policy and processing.

3.2.7 Scheduled Maintenance

All EBT Program areas shall be notified in advance of scheduled downtime for routine maintenance, which will occur during off-peak transaction periods. In addition, the EBT contractor must provide the Program staff with advance notification of any scheduled downtime outside of the time required for routine maintenance. Such downtime must be pre-arranged with and approved by the SNAP or WIC staff. The EBT contractor shall provide the Program staff with an annual schedule for maintenance downtime no later than December 1st of the preceding calendar year. SNAP or WIC shall be provided with a minimum of thirty (30) calendar days of advance notice for proposed downtime beyond the routine maintenance schedule. At the discretion of Nevada SNAP or WIC, shorter notice maybe considered, depending on the urgency of the situation.

The availability of a system is impacted by downtime for routine maintenance, as well as unscheduled maintenance. One key EPPIC advantage is that the system is designed so no downtime for routine scheduled maintenance is required at any time during the year. In 2016, EPPIC was operational and available 99.97 percent of our scheduled uptime, 24/7/365, as measured monthly. Key components used to maintain this high level of system availability include hardware redundancies, contingency planning, duplicate telecommunication links, and Redundant Array of Independent Disks (RAID) technology. Our exceptional availability record means that your staff can access the system whenever they need and eliminates the need for advanced scheduling and notification of downtime.

Scheduled uptime refers to the total time EPPIC is available and accessible for routing and processing transactions. Unlike other contractors whose systems require scheduled downtime for maintenance but do not include scheduled maintenance in their uptime calculation, we choose to define system availability as just that—the time the system is available to State and Conduent staff, cardholders, retailers, and vendors. We calculate system uptime percentages based on all system time. As such, we do not attempt to claim uptime that is both misleading and impossible to achieve, regardless of the system configuration. Our statement of system uptime performance is factual and includes all hours, minutes, and seconds of every day, not with exceptions that must be excluded.

Because there is no need for our system to be down for routine maintenance, the need to publish a schedule for maintenance is unnecessary.

3.2.8 Encryption

The EBT contractor shall comply with Federal Regulations set forth in 7 CFR § 274.8(b)(3) Systems Security, WIC EBT Operating Rules and all communications network security and, at a minimum, shall utilize the Data Encryption Standard (DES) algorithm or better to encrypt the PIN during EBT transactions from the point of entry. Other security may include authentication codes and check-sum digits, in combination with data encoded on the magnetic strip such as the PIN offset, to ensure data security during transmission and processing of EBT transactions. Any of the network security measures may be utilized together or separately and may be applied at the terminal or central computer as indicated in the approved system design to ensure communications control.

Our commitment to maximizing security for all stakeholders is demonstrated by the fact that we have never had a security breach of any of our systems. To protect your cardholder, retailer, and vendor security, we comply with all Federal Regulations set forth in 7 CFR § 274.8(b)(3) Systems Security, WIC EBT Operating Rules and all communications network security. As detailed in the following paragraphs, all transactions are encrypted during transmission from the POS to the EPPIC system and are never available for viewing in the clear. Additionally, we use check-sum digits to validate all card numbers.

We protect all cardholder information on our web portals using commercially standard security, including the SSL 3.0 protocol. The encryption cipher used is limited to those cipher suites supported by the cardholder's browser. Our EPPIC website uses 128-bit or 256-bit key-sizes for AES (Advanced Encryption Standard), 3DES (Data Encryption Standard), or RC4 ciphers, preferring AES256 if the cardholder's browser is capable. During the JAD sessions, we will thoroughly present our encryption and security processes to your Nevada agencies and discuss how we implement our encryption methodologies with you to fully meet your security and data protection standards.

The following paragraphs provide descriptions of our encryption protections for cardholder, retailer, and vendor data.

PIN Confidentiality and Security

PINs are encrypted at the point of entry on any device using the highest Data Encryption Standard (DES) block cipher and are transmitted to the host system in encrypted form for verification. They are never stored outside of the Nevada EBT cardholder database nor are they visible to anyone on the POS devices. We translate and decrypt PINs for transactions within a physically secure Tamper Resistant Security Module (TRSM). We also use key management techniques, as specified in the most current ANSI standards. The PIN always remains encrypted until it reaches EPPIC, and any translation of the PIN is performed within the physically secure TRSM without the use of software.

We confirm that all keys by which PINs are encrypted are generated in a secure manner, and our encryption key management procedures fully comply with the Quest Operating Rules and ANSI specifications, including ANSI X9.8–1982; X9.24–1992; and X3.92–1987. Our procedures likewise make certain that all encryption keys are subject to dual control (i.e., no single person has control over all parts of an encryption key). If there is a known or suspected compromise of an encryption key, we have clear internal escalation procedures where the encryption key is changed immediately. We make sure that all TPPs and other data acquirers equally comply with all encryption requirements.

Transfer of Encryption

Conduent uses secure, proven encryption techniques for transferring transaction messages to and from retailer/vendor terminals or networks/TPPs. The key used to encrypt the PIN in the database is different from the key used to decrypt the PIN sent from the POS or other devices, and no one, including the system administrator, can view the PIN in clear text form. The key used between EPPIC and a TPP or POS is unique. A master key encryption key (KEK) used for exchanging the session is sent to the processor or POS, which then encrypts and decrypts the PIN. EPPIC supports the ANSI standard 3DES encryption for PIN encryption. EPPIC manages this encryption, which is easy to update in the event that EBT providers adopt a new ANSI encryption standard, such as the Advanced Encryption Standard (AES), in the future. The PIN is encrypted in the database using a different key from the PIN transmission. For web-based traffic, EPPIC supports strong encryption at 128-bit key length, using secure HTTP and secure socket layer encryption protocols.

Mobile Application Security

Our mobile application, operating on both Android and iOS systems provides device level security standard to the operating systems of a device. Our standard security practices also apply to the communications from mobile devices including the required password protections.

iOS Platform Security

The iOS platform is designed with security at its core. Apple has developed and incorporated innovative features that tighten mobile security and protect the entire system by default. As a result, iOS is a major leap forward in security for mobile devices. Every iOS device combines software, hardware, and services designed to work together for maximum security and a transparent user experience. The security features in our mobile application work in conjunction with iOS security features to protect not only the device and its data at rest, but the entire ecosystem, including everything users do locally and on networks with all State program-related data encrypted in transit and at rest.

Android Device Security

All Android apps undergo rigorous security testing before appearing in the Google Play Store. They will have vetted the app thoroughly and will suspend those who violate their policies. As with iOS, this is in addition to the rigorous security testing performed prior to making the app available for download. So even before your cardholders, retailers, and vendors install the app, you can be assured it has been thoroughly tested and that it's safe.

Once installed, built-in software regularly scans the device to ensure that the app is behaving as anticipated. If the app steps out of line, the user is notified and the app is automatically blocked.

Built-in encryption with full-disk encryption means that all data that exists on your device is fully protected. And any new data, such as emails and text messages, are automatically encrypted when stored locally on your device as a part of the firmware of the device operating system.

We do not support Windows mobile operating systems at this time but may do so in the future if the market penetration supports the addition.

3.2.9 POS Terminal Technical Standards

Supporting the EBT and WIC Connect solutions for transaction processing is EPPIC, a mature, proven transaction processing system. The system uses the existing commercial infrastructure, including available commercial POS terminals, for transmitting and processing SNAP, TANF, and WIC EBT transactions. This same core system processes transactions for all three programs.

As the most flexible EBT platform in the industry, EPPIC is a fully interoperable solution that meets or exceeds federal regulations, national standards, and State-specific performance standards for your EBT Programs. Over the life of the contract, we will use our established working relationships with third party processors (TPPs) to encourage expansion of the infrastructure to maximize the use of existing POS terminals consistent with federal regulations.

3.2.9.1 The EBT contractor deployed POS terminals, including wireless terminals for farmers' markets, will meet the operational requirements of the EBT system and support the full EBT transaction set. All terminals deployed by the EBT contractor must comply with ISO 8583 message formats and the QUEST® Operating rules. POS Terminals deployed by the EBT contractor will be industry standard and meet specified performance standards and technical standards specified in 7 CFR § 274.8 in the areas of system processing speeds, system availability and reliability, system security, system ease-of-use, minimum card and terminal requirements, performance bonding, and the minimum transaction set. WIC transactions must comply with the standards required by WIC EBT Operating Rules and Technical Implementation Guide.

Conduent-deployed POS terminals, including wireless terminals for farmers' markets, meet all technical standards and operational requirements necessary to support the full EBT transaction set for the Nevada SNAP, TANF, and WIC EBT Programs. We will deploy the VeriFone VX 510 EBT-only POS terminal for the State's FNS-authorized exempt retailers, and wireless POS terminals for farmers' markets. These terminals comply with the ANSI X9.58 standard, ISO 8583 message formats, and the Quest® Operating Rules. They meet all specified performance standards as well as the performance and technical standards specified in 7 CFR §274.8 related to system processing speeds, system availability and reliability, system security, system ease of-use, minimum card and terminal requirements, and performance bonding, as well as the full online real-time EBT transaction set.

The transaction messages EPPIC receives from TPPs and POS terminals represent one of the most important data flows transmitted for your three Nevada EBT Programs. As the system processes thousands of transactions each day, and because the messages must convey accurate data in a consistent format, we designed EPPIC to use an EBT-specific version of ISO 8583, the industry standard for financial card transaction messages. Using this standard eliminates the need for re-mapping or translating messages between formats. Message errors are easy to detect, and message validation is a routine security procedure for each transmission. EPPIC checks all key elements in each ISO 8583 transaction message against appropriate lists for validation before transactions are processed. These standard checks against the control files prevent unauthorized transactions and account overdrafts and protect EBT accounts and funds from unauthorized access from outside of EPPIC.

SNAP/TANF EBT POS Terminals

Exempt EBT-only retailers will receive new Verifone VX 510 POS terminals. This terminal, shown in Exhibit V-10, features enhanced functionality, reliability, and user friendliness, and meets the current levels of service and POS technology now deployed in the State for EBT-only retailers. It also is upgradeable for future needs, including the ability to process optional services transactions. The VX 510 supports all the operational requirements of the Nevada EBT Programs for SNAP and TANF. It provides a large 128x64-pixel graphical LCD with backlighting, as well as an audible tone when transactions are declined.

The large screen permits visual verification of several key messages, including:

- ***The transaction message before positive action is taken by the cardholder to release the message for authorization and settlement.***
- ***EPPIC transaction rejection error messages including:***
  - ***"Insufficient funds" error message***
  - ***"Incorrect PIN" error message***
  - ***"Inactive card" error message***
  - ***"Invalid card [magnetic stripe]" error message***

This large display likewise enhances readability through extra-size menu prompts, along with split-screen capability that allows text messages and images to be shown side by side.

Exhibit V-10. Verifone VX 510 POS Terminal
This advanced POS device meets all State and federal requirements.

Farmers' Market Terminals

We offer an innovative wireless solution to allow farmers' market retailers/vendors to accept SNAP, TANF, and WIC benefits, and cardholders to purchase fresh produce. Our solution for farmer's market terminals is proprietary information. Please see our Confidential Technical Proposal, Section II.9, Farmers' Market Wireless Access for full details.

WIC EBT POS Terminals

For the Nevada WIC EBT Program, we will install highly dependable Verifone VX 520, as shown in Exhibit V-11. This very compact yet powerful industry standard POS terminal complies with the most recent version of the Operating Rules for WIC EBT, the Technical Implementation Guide (TIG), meets the operational requirements of WIC EBT Program, and supports the full WIC EBT transaction set. All EBT POS equipment provided by Conduent complies with ISO 8583 message formats.

Since stand-beside vendors are typically smaller store locations, they may or may not have ECRs, scanning devices, or a PC/server present at their store and therefore may opt to use a stand-beside solution. The VX 520 POS terminal has a built-in integrated printer and PIN pad, as well as a separate scanning wand that is attached to the device. This feature-packed POS terminal supports all required WIC transaction types securely and efficiently, making it an excellent solution for authorized vendors who do

not have an integrated option. All authorized WIC EBT vendors who elect to use Conduent-supplied equipment will receive the VX 520.

The Verifone VX 520 comes with the Hyperion 1300g Linear-Imaging Scanner, which stand-beside vendors use to scan UPCs and PLUs at the time of purchase. The Hyperion 1300g is an intuitive hand-held scanner and eliminates the need to purchase specialty scanners. The scanner can read high-density bar codes as small as three mils.

This user-friendly POS device offers more memory and a faster processor than any other terminal to accommodate programming needs, including automatic downloads for date and time synchronization and any program additions (such as WIC FMNP) or enhancements requested for the future. Security features include advanced 3DES (Triple DES) encryption, Master Key/Session Key and Derived Unique Key Per Transaction (DUKPT) key management, and sophisticated VeriShield file authentication and tamper resistance. The VX 520 is PCI PED approved as well for Personal Identification Number (PIN)-based transactions.

Exhibit V-11. Verifone VX 520 POS Terminal
This advanced POS device meets all Nevada and federal requirements and supports all required WIC EBT functionality.

Perhaps most important for vendors, the terminal supports broadband access in addition to dial-up access. The capability enables vendors with large volumes to operate in an "always-on" mode, and offers greatly increased transmission speeds as compared to terminals that only support dial-up connections.

3.2.9.2 If the retailer requests, the POS terminal configuration shall include a separate PIN pad. EBT-only POS terminals shall meet or exceed the current levels of service and POS technology now deployed in the State for EBT-only retailers. The EBT contractor shall ensure that POS terminals deployed to EBT-only retailers can process SNAP transactions and are adaptable or upgradeable if card regulations change.

If requested by an exempt retailer, we can include a separate PIN pad in the POS terminal configuration. The VX 510 POS terminal features enhanced functionality, upgrade capability for future needs, reliability, and user-friendliness, and meets the current levels of service and POS technology deployed in the State for EBT-only retailers.

WIC EBT POS Terminals

In addition to the functionality identified in preceding sections, the VX 520 is configured to accommodate digital, pulse, and rotary dialing. It offers an integrated PIN pad encrypted for security, as well as a separate PIN pad. This POS terminal also is equipped with the most advanced operating system available from Verifone, along with extensive memory capacity and is upgradeable for future needs.

3.2.10 EBT-Only Equipment Support Services

Conduent adheres to FNS requirements in providing exempt retailers with EBT-only POS equipment and related installation, maintenance, and support services. Our EBT-only equipment support services also meet the requirements detailed in RFP Section 4.14.2.14, Manage WIC Retailers and Retailer Transactions.

3.2.10.1 The EBT contractor shall provide the following services for all Contractor-deployed in-store POS and wireless POS for EBT-only retailers and farmers' markets:

A. Training on in-store and wireless POS terminals and utilization;

B. Routine maintenance;

C. Repair or replacement services on faulty POS terminal equipment within 48 hours of service request or ship a replacement terminal via overnight express within one business day of receiving a service request;

D. Supplies or supply reimbursement; and

E. Retailer training materials for all deployed terminals.

EBT-only retailer support is provided to all in-store and wireless POS terminals including farmers' markets. Repair or replacement services on faulty POS terminal equipment are provided within 48 hours of the service request, by overnight express, and often within 24 hours of receiving a service request.

Conduent provides ongoing customer service representative (CSR) support to FNS-exempt EBT-only retailers when they have issues and concerns specific to their equipment or operations. Our EBT-only retailer support team, in conjunction with our retailer customer service center, enables retailers to quickly and efficiently access information and resolves any problems they may experience.

If retailers require additional POS equipment support or problem resolution, they may call the retailer customer service center where a trained CSR will assist them. In addition to responding to retailer-specific requests for assistance or training, retailer customer service provides access to general information regarding EBT policies and procedures. If the CSR cannot assist the retailer in bringing the EBT-only terminal back to full operation, a ticket is created and CDE Services, Inc. (CDE), our equipment management subcontractor, ships a new terminal to the retailer overnight. In addition, retailers contact the help desk for information about POS supplies, returning POS equipment, and other equipment issues.

POS Supplies. In accordance with SNAP Provisions of the Agricultural Act of 2014, we adhere to FNS' directive on POS supplies and consumables. We provide FNS-authorized exempt Nevada EBT-only retailers POS supplies through a paper supply order and shipping process through the retailer customer service center. The amount of paper rolls provided is based on the usage rate in relation to the number of transactions performed daily by the retailer and summarized at the end of the month. All information regarding the payment to these retailers is tracked in our RAPS2 retailer database.

Routine Maintenance and Repairs. ***For all equipment delivery, replacement, maintenance, repair, and tracking quality assurance services during operations, Conduent services include:***

- ***Equipment receiving***
- ***Test and clean terminals/PINpads***
- ***Repair of POS terminal (as needed)***
- ***PINpad repairs***
- ***Secure key injection of PINpads***
- ***Test POS terminal functionality***
- ***Send and track replacement equipment***
- ***Download of EBT project software and updates to POS terminals***

POS Training. ***We provide telephone training and customized training materials, including a Retailer POS Policies and Procedures Manual and a Quick Reference Guide for distribution to all retailers participating in the Nevada EBT Programs. Most materials are provided during initial POS installation, but also can be mailed whenever necessary. These training materials and additional program information likewise are available through the retailer web portal.***

We have delivered retailer training for more than 20 years, and we combine this experience with careful consideration of the unique needs of Nevada retailers, farmers' markets, and WIC vendors to create just the materials they need.

WIC POS Services

We make certain that our stand-beside equipment is maintained in good working order. We provide comprehensive training and training materials to WIC vendors on using the equipment and on troubleshooting equipment issues and problems. Whenever maintenance is required, we respond to quickly assist the vendor in resolving equipment issues, including repair or replacement of equipment. All efforts are made to minimize downtime at a vendor site. Our vendor customer service meets the requirements detailed in RFP Section 4.14.2.17, WIC Program Customer Service Requirements.

When an authorized WIC vendor contacts our vendor customer service center to troubleshoot a malfunctioning device, a CSR trained to conduct troubleshooting procedures over the telephone identifies the problem and reactivates the terminal, if possible. If reactivation is not possible during the vendor's initial call with the CSR, a replacement unit is ordered and shipped to the vendor. Our equipment management subcontractor, CDE, manages the distribution and shipment of POS replacement requests escalated from our vendor customer service center.

3.2.10.2 The EBT contractor shall make available a toll-free telephone number to report terminal malfunctions and to receive training on equipment and utilization. The EBT contractor shall use reasonable efforts to replace problem terminals by delivery or through express mail. If a replacement terminal is shipped to the retailer, the retailer must have the option to call the EBT contractor through Retailer Customer Service to obtain assistance with the terminal replacement process.

We provide a toll-free, 24/7/365 retailer customer service center telephone number for retailers that provides support and training for all EBT-related needs. This includes, but is not limited to: information about EBT and available commercial POS services, settlement information and reconciliation procedures, manual voucher approval, manual voucher clearing procedures, information on manual vouchers for purchases and returns, support on system adjustments and resolution of out-of-balance conditions, and reporting terminal malfunctions.

The POS replacement terminal is installed by the retailer using easy-to-follow instructions that we provide (i.e., "ship and train") through the shipping process detailed in the previous section. Retailers are given detailed instructions to activate the terminal, which comes with necessary software pre-loaded. In addition to the printed materials, we assist retailers with installation through the retailer customer service center.

WIC Toll-Free Number

Should vendors have additional questions, we back up our "ship and train" materials with telephone training available upon request to guide vendors through the equipment installation process and address any of their training needs. In addition to the printed materials and telephone-supported training, we provide assistance to retailers with program information, manual voucher authorizations, adjustment requests, and other help they may need through our toll-free, 24/7/365 vendor help desk. Training materials and program information likewise are available to vendors through the vendor web portal. If vendors need information regarding WIC EBT policies and procedures, or require additional POS equipment, support, or problem resolution, they may call the vendor customer service center at any time to obtain immediate assistance from a trained CSR.

3.2.11 Third Party Processors

We enter into agreements with existing TPPs that wish to participate in the Nevada EBT Programs, and retailers who choose to use or modify their existing equipment and either acquire the services of a TPP or serve as their own TPP. Under the agreement, TPPs are responsible for training their EBT retailers and for providing required signage and materials. Our agreements with TPPs define their obligation to comply with USDA FNS and State program requirements. TPP agreements are between Conduent and the TPP directly; the State is not a party to these agreements. Our agreements obligate the TPP to adhere to Nevada EBT Program policies, operating procedures, and rules. The agreements delineate the requirements related to SNAP benefit transaction processing, manual voucher processing and authorization, and retailer customer service.

Agreement language fully complies with the FNS regulatory requirements at 7 CFR § 274.3(d) including, at a minimum, those related to the following topics:

- ***Compliance with the SNAP regulations***
- ***Signature by FNS owner of record for the location***
- ***Compliance with the Quest Operating Rules***
- ***Compliance with Technical Standards ISO 8583 and ANSI X9.58***
- ***No charging of cardholders for SNAP transactions***
- ***No charging for authorization and settlement processing by Conduent for EBT transactions***
- ***No charging of cardholders for cash transactions, with or without purchase***
- ***Only FNS-authorized retailers perform SNAP transactions***
- ***EBT-related records for audit purposes***
- ***Retailer bank account numbers***
- ***Unique terminal IDs***
- ***Retailer and TPP agreement language (including language in agreements between Conduent and third party, third party and retailer, and third party designees, including ISOs and equipment leasing companies) that has been reviewed and approved by the State and FNS***
- ***Agreements are kept on file by Conduent for the term of the agreement, such that the agreement for any retailer may be reviewed upon State or FNS request***

3.2.11.1 The EBT contractor shall meet the requirements specified within 7 CFR §274.3 (a)(ii) and §274.8 for the support of retailers that deploy their own terminals. Within 30 calendar days of the start of the contract, the EBT contractor shall provide such retailers with interface specifications that would enable these retailers and third party terminal drivers to interface directly with the EBT contractor to perform SNAP EBT transactions. The EBT contractor shall provide these specifications to retailers and third party terminal drivers as well. Newly authorized retailers who choose to employ a third party processor to drive their terminal or elect to drive their own terminals, shall have access to the EBT system within a 30-day period after the receipt of the FNS authorization notice or a mutually agreed upon time to enable the third party interface specifications and any State required functional certification.

Conduent meets the requirements specified within 7 CFR §274.3(a) (ii) and §274.8 for the support of retailers that deploy their own terminals. Within 30 calendar days of the start of the contract we provide clear, concise interface specifications that enable retailers that deploy their own terminals and third-party terminal drivers that wish to interface directly with EPPIC to perform SNAP EBT transactions, and immediately upon request to new retailers. We do not withhold certification for TPPs that enter into direct-connect agreements with us or choose to access EPPIC through our EBT gateway. In fact, most nationwide retail chains and all known TPPs are already EPPIC-certified and support EBT transactions for programs that we operate.

Newly authorized retailers who choose to employ a TPP to drive their terminals, or elect to drive their own terminals, will have access to the EPPIC platform within a 30 day period after the receipt of the FNS authorization notice, or a mutually agreed-upon time to enable the interface specifications and any State required functional certification. TPPs must provide regular updates on their activity to make sure that the retailers contracting with them are equipped, educated, connected to the system, and ready to process EBT transactions. If a TPP needs to be certified for a new program state, we follow a streamlined certification process that takes approximately one hour to complete. For new TPPs, the certification testing process takes approximately 30 hours, and is typically completed within a week.

WIC Program TPPs

Because we have agreements with all major TPPs, this will expedite much of the Nevada WIC vendor integration effort. Our existing relationships and expertise specific to Electronic Cash Register (ECR) service providers or Value-Added Resellers (VAR), payment platforms, transaction processing, and ECR equipment manufacturers position us to provide the most efficient and effective execution available for WIC vendor enablement.

3.2.11.2 The EBT contractor shall be responsible for certifying and decertifying third party processors (TPPs), including developing and implementing certification requirements and procedures. The State may review the EBT contractor's certification requirements and procedures at any time, and may require the EBT contractor to modify such requirements and procedures whenever the State deems it necessary. If a TPP engages in clear violation of Federal or State program rules, the EBT contractor shall be required to obtain concurrence with the State or States in which the TPP operates prior to decertifying or taking adverse action against the TPP. The EBT contractor must comply with certification timelines specified in 7 CFR § 274.8.

We assume responsibility for ensuring that TPPs comply with all FNS regulations and your requirements and comply with the certification timelines specified in 7 CFR §274.8. We also will include State staff and FNS in the process of reviewing and approving agreements executed with all TPPs and their retailers. The State may review the Conduent certification requirements and procedures at any time and we will modify the certification requirements or procedures when the State deems it necessary. We commit to making a good faith effort to enforce the agreements whenever we, the State, or FNS identify any issues with TPP activities. As part of the TPP certification process, we comply with all USDA FNS and State-specific regulations. These essential requirements are part of the TPP Agreement and include, but are not limited to, the following:

Transactions. TPPs support the entire transaction set included in the USDA FNS regulations. EPPIC processes all of these transactions.

Interoperability. TPPs process transactions for cards issued by all states for all POS equipment they support. Our TPP agreements require the TPP to load and update bank identification numbers/issuer identification numbers (BINs/IINs) for all states. We also support nationwide interoperability for SNAP transactions.

Cardholder Balance Information. TPPs display the remaining balance on the printed cardholder receipt for all POS equipment they support. The primary account number (PAN) is truncated when printed on both cardholder and retailer receipts.

FNS-Authorized Retailers. TPPs only route transactions for retailers authorized by USDA FNS to redeem benefits.

To date, we have not encountered a TPP that did not comply with applicable EBT program rules and procedures. In the unlikely event that a TPP does not comply with federal or the Nevada EBT Programs rules and procedures, we will take the necessary action to regain compliance, or if necessary, bring the non-compliance to the attention of State staff to determine an appropriate course of action. If a TPP engages in clear violation of federal or State program rules, we will obtain concurrence with the State or States in which the TPP operates prior to decertifying or taking adverse action against the TPP.

3.2.11.3 Retailers using third party processors shall report transactions on unique terminal IDs for each terminal installed in the store under one FNS number. The EBT contractor shall be responsible for ensuring that each terminal is listed under its unique ID number and SNAP and cash transactions completed on that terminal are reported under that ID number. Any POS device that is replaced shall have a new, unique terminal ID that is different from the ID of the terminal that was replaced. The EBT contractor shall be required to run validation edits on retailer addresses and ensure that addresses conform to U.S. Post Office address standards.

Our agreements with all TPPs mandate that the TPP is responsible for assigning a unique ID and including those terminal IDs as part of their transaction messages. We, in turn, include those terminal IDs in the ALERT data we submit to FNS in accordance with FNS-prescribed formats.

Any POS device that is replaced will have a new, unique terminal ID that differs from the ID of the terminal that was replaced. As required, we run validation edits on retailer addresses and ensure that the addresses conform to United States Postal Service address standards.

3.2.12 Retailer Management

We have been a leader in retail management and recruitment since 1996, when we assumed the role as retail manager in the Southern Alliance of States EBT program. From that program forward, we have applied a solid approach to managing retailer recruitment and participation in EBT programs across the country.

Every element of our retailer management approach is designed to give each FNS-authorized retailer the opportunity to participate in Nevada's SNAP and TANF EBT Programs. From our many years of EBT experience, we know that personal contact with the retailer community, including retailer associations, is very important.

WIC Vendor Management

Every WIC EBT program is most successful if both larger chain and smaller retail vendors are participating and supporting the program. Making the process simple and easy to use for both participants and vendors is critical to program success and strong vendor support is a hallmark of the state WIC EBT programs we operate. We currently support nearly 4,500 vendors for our WIC EBT programs, with the majority of those stores using an integrated Electronic Cash Register (ECR) system. Our track record working in partnership with vendors will be a great contribution to the success of your Nevada WIC EBT Program. Our WIC vendor management process complies with all of the requirements detailed in RFP Section 4.14.2.14, Manage WIC Retailers and Retailer Transactions.

3.2.12.1 The EBT contractor will be responsible for managing and supporting retailer participation in accordance with 7 CFR § 274.8 and 7 CFR § 274.3(e).

Our retailer agreements are approved by the State and FNS, and we execute those agreements with EBT-only retailers efficiently and in a timely manner. We also manage and support retailer participation, reinforcing all applicable State and FNS regulations, including 7 CFR 274.3(e) and 7 CFR 274.8, that govern the Nevada EBT Programs.

3.2.12.2 The EBT contractor's primary roles and responsibilities for this task include the following:

A. Providing every FNS-authorized retailer with the opportunity to participate in the EBT system;

B. Ensuring that the State's EBT systems are interoperable with other States' EBT systems as defined in 7 CFR § 274.12;

C. Assuring that a sufficient number of retailers have agreed to participate in the system to allow clients adequate access to both cash and SNAP benefits, including those clients who normally shop across state borders in the so-called "border stores" and at non-traditional retailers such as farmers' markets;

D. Signing either an EBT-only retailer agreement or a third party processor agreement for commercial retailers for all participating retailers. The EBT contractor shall enter into an agreement with the retailer in accordance with 7 CFR § 274. 8(a)(3)(4). The State and FNS must approve the agreements prior to being sent to retailers and third party processors;

E. Certifying and de-certifying third party processors and ATM providers/networks;

F. Assuring that the participating retailers understand their responsibilities with regard to policy, operating rules, and operations of the EBT system;

G. Maximizing the use of existing commercial POS terminals;

H. Installing, maintaining and otherwise supporting Contractor provided EBT-only POS equipment for retailer participation in accordance with FNS policy in accordance with Federal regulation and the 2014 Farm Bill;

I. Providing help desk services to retailers for authorizing manual transactions, resolving issues/problems on Contractor supplied EBT-only; and

J. POS equipment and helping to resolve settlement and dispute questions and issues.

Table V-14 summarizes compliance with our primary roles and responsibilities for retailer management. We provide retailers with clear, objective information regarding their EBT equipment options, including their responsibility under the Agricultural Act of 2014 to pay for equipment, supplies, implementation, and services to participate in SNAP if they are non-exempt, and their opportunity to obtain equipment and services at no cost if they are authorized by FNS as an exempt retailer.

Table V-14. Retailer Management Roles and Responsibilities

Requirement	Conduent Compliance
Providing each FNS-authorized retailer with the opportunity to participate in the EBT system	***Our retailer management approach provides every FNS-authorized retailer with the opportunity to participate in the EBT system. Our retailer recruitment experience and relationships with TPPs and retailer associations assure comprehensive retailer coverage.***
Ensuring that the State's EBT Systems are interoperable with other States' EBT Systems as defined in 7 CFR §274.12	***Our proven EPPIC solution ensures that the State's EBT systems are interoperable with other state's EBT systems per the FNS regulations defined in 7 CFR §274.12. Conduent participates in National Automated Clearing House Association (NACHA) policy and rule-making committees to confirm that interoperability with other states' EBT programs is fully supported in our EBT programs.***
Assuring that a sufficient number of retailers have agreed to participate in the system to allow clients adequate access to both cash and SNAP benefits, including those clients who normally shop across state borders in the so-called "border stores" and at non-traditional retailers such as farmers' markets	***Our recruitment services encourage retailer participation and assures that a sufficient number of retailers have agreed to participate in the system to allow clients adequate access to both cash and SNAP, including those clients who normally shop across State borders in the so-called "border stores" and at non-traditional retailers such as farmers' markets. We work with retail associations, community-based organizations, and minority businesses to promote participation in the EBT program. We also recruit retailers and ATM networks to participate in EBT cash issuance to confirm that clients have adequate access to cash benefits. All states, including those that border Nevada, are completely interoperable.***
Signing either an EBT-only retailer agreement or a third party processor agreement for commercial retailers for all participating retailers. The EBT Contractor shall enter into an agreement with the retailer in accordance with 7 CFR § 274. 8(a)(3)(4). The State and FNS must approve the agreements prior to	***Conduent signs either an EBT-only retailer agreement or a TPP agreement for commercial retailers, for all participating retailers. We enter into agreements with retailers in accordance with 7 CFR § 274. 8(a)(3)(4). All agreements are submitted to Nevada and FNS for approval prior to being***

Requirement	Conduent Compliance
being sent to retailers and third party processors	***sent to retailers and third party processors.***
Certifying and de-certifying TPPs and ATM providers/networks	***Conduent assumes responsibility for certifying and decertifying TPPs and ATM providers/networks in compliance with all USDA FNS timeframe and program requirements, State requirements, and Quest Operating rules. Many retailers, TPPs, and ATM providers/networks with a nationwide presence are already certified with us to process EBT transactions.***
Assuring that the participating retailers understand their responsibilities with regard to policy, operating rules, and operations of the EBT system	***Conduent assures that all participating retailers (and TPPs) understand their responsibilities regarding policies, operating rules, and operations of the EBT system. Through our training, instructional materials, retailer web portal, and our retailer toll-free retailer customer service center, we ensure that every retailer and vendor has broad multi-channeled access to information about their responsibilities and program changes. As we do with direct connect and EBT-only exempt retailers, we provide TPPs with materials that cover basic program information and customer service information that they in turn provide to their downstream retailers and vendors.***
Maximizing the use of existing commercial POS terminals	***We use our working relationships with TPPs and networks to maximize the use of existing commercial POS terminals for retailers. We work closely with retailers to encourage the use of commercial terminals in all of our EBT programs. Our use of existing commercial POS terminals for SNAP and TANF transaction processing is compliant with federal regulations.***
Installing, maintaining, and otherwise supporting Contractor provided EBT-only POS equipment for retailer participation in accordance with FNS policy in accordance with Federal regulation and the 2014 Farm Bill	***Conduent provides installation, maintenance, and full support for EBT-only POS equipment as necessary in accordance with FNS policy in compliance with Federal regulation and the 2014 Farm Bill. Pre-programmed equipment is shipped to each EBT-only site along with written instructional materials, including installation instructions and the Retailer POS Policy and Procedures Manual. The retailer receives phone assistance with the installation if necessary to ensure POS devices at authorized retailers are operable.***
Providing help desk services to retailers for authorizing manual transactions, resolving issues/problems on Contractor supplied EBT-only POS equipment	***Conduent provides help desk services for retailers through a dedicated toll-free number to our retailer customer service center that is available 24/7/365. Trained representatives provide assistance with authorizing and/or processing manual vouchers, and resolving issues/problems on Conduent-supplied EBT-only POS equipment.***
Helping to resolve settlement and dispute questions and issues	***Conduent's expert customer service staff also assists retailers in resolving settlement and dispute questions and issues.***

3.2.13 Retailer Database Management

Based on our many years of experience providing retailer management services for state EBT programs across the nation, we fully understand that a well-designed and implemented interface with the FNS retailer database system is critical to effective retailer management. Conduent has developed, and maintains, a retailer management database called RAPS2 that meets the functional requirements of Nevada and complies with FNS regulations. We also comply with the WIC vendor data requirements in RFP Section 4.14.2.14, Manage WIC Retailers and Retailer Transactions.

3.2.13.1 The EBT contractor shall develop a State FNS Retailer database management system that meets, at a minimum, the functional requirements listed below and FNS regulations. The EBT contractor shall be responsible for maintaining the retailer database.

As noted, Conduent has developed, and maintains, a retailer management database that meets the functional requirements of Nevada and complies with FNS regulations. Our web-accessible RAPS2 retailer management database hosts a full-scale solution to integrate all retailer management activities including, but not limited to, the facilitation of deployed equipment, tracking of retailer agreements, the status of all retailers, up-to-date retailer bank account information, and store cutover times for Automated Clearing House (ACH) purposes. RAPS2 interfaces with EPPIC to confirm that all retailer information is accurately processed and remains up to date and synchronized. RAPS2 interfaces with the FNS retailer database, REDE, as well.

WIC Vendor Data Management

RAPS2 makes certain that accurate transaction detail data pertaining to each WIC-authorized vendor is validated, and contains up-to-date information about WIC vendor or TPP bank accounts and store cutoff times for Automated Clearing House (ACH) purposes. Vendor data stored within RAPS2 includes the dates the WIC vendor is authorized and/or terminated for WIC by you, as well as the dates the WIC vendor is activated and deactivated for WIC EBT. We notify you if a vendor's banking point of contact or address changes.

3.2.13.2 For the Supplemental Nutrition Assistance Program, FNS' Anti-fraud Locator of EBT Retailer Transactions (ALERT) Subsystem utilizes data provided by the State's contracted EBT processors. The ALERT file shall be submitted daily to FNS. The file should contain all of the retailer SNAP transactions for the day. The EBT contractor shall be able to accommodate standard FNS Anti-Fraud Locator of EBT Retailer Transactions (ALERT) subsystem file formats and supply ALERT files per the FNS schedule. The EBT contractor shall be able to accommodate standard FNS Retailer EBT Data Exchange (REDE) file formats and apply REDE files per the FNS schedule. REDE processing includes standard (regularly scheduled) nightly and monthly operations and ad hoc operations. Both types of REDE operations are performed at the Benefit Redemption Systems Branch (BRSB) in Minneapolis, MN. The standard nightly operations are performed nightly, Monday through Friday, and create the State and national retailer data update files. The standard monthly operations are performed monthly (on the first Saturday of the calendar month) and create the full State and national retailer data files. The State retailer data update files are used to update the Retailer EBT Data Exchange (REDE) database. Ad hoc operations are performed as requested when the SNAP and/or EBT processor requests a start-up copy of the State or national retailer update file.

EPPIC fully accommodates the FNS ALERT subsystem file in all of our state EBT programs. On a monthly basis, Conduent provides all retailer transaction data for each day of the month to FNS through the ALERT file according to the required schedule, specifications, and file formats for the ALERT subsystem.

Conduent accommodates standard FNS REDE file formats and applies REDE files according to the FNS schedule. Our retailer database management system, RAPS2, is updated daily by the FNS REDE file of new retailer authorizations, de-authorizations, and changes in status. We use the REDE system to establish and maintain an accurate, up-to-date database that ensures redemptions are accepted only from FNS-authorized retailers and that we have sufficient information to timely process SNAP redemptions to the retailers' bank accounts. We download authorized retailer data from the REDE system and import it into EPPIC. The REDE

records indicate which action is to be taken on each record: add, modify, or remove. REDE processing includes standard (i.e., regularly scheduled) nightly and monthly operations and ad hoc operations. Both standard and ad hoc types of REDE operations are handled by FNS.

The standard nightly operations are performed Monday through Friday, and create the State and national retailer data update files. The standard monthly operations are performed on the first Saturday of the calendar month and create the full State and national retailer data files. The national retailer data update files are used to update the REDE database, and the State retailer data update files are used to update EPPIC.

We receive and processes REDE file updates daily to make sure newly authorized and reinstated retailers are able to conduct SNAP transactions upon communication of authorization from FNS. We enable access by reinstated retailers who have their EBT-only equipment within 48 hours of the REDE file update being received. Conversely, we suspend or de-authorize SNAP transaction processing of a retailer within 48 hours of receipt of the REDE file notice of de-authorization or suspension; ensuring that only currently authorized retailers have the ability to access the EBT system.

3.2.13.3 The EBT contractor is responsible for ensuring that only authorized SNAP retailers redeem SNAP benefits. At least once per week, the EBT contractor shall transmit information on retailer SNAP redemptions to the FNS Benefit Redemption System Branch (BRSB).

Prior to approving SNAP transactions, EPPIC validates the retailer as a USDA FNS-authorized retailer by ensuring that the FNS authorization number is contained in the REDE database. If a transaction is received from a retailer that is not FNS-authorized, EPPIC rejects the transaction. Once the validation process is complete, the system checks to confirm that sufficient funds are available in the SNAP account. If sufficient funds are available, the purchase is approved and an approval message is returned to the retailer. We are liable for any invalid transactions that result from failure to use/check transactions against the most recent REDE file.

We provide detailed daily SNAP benefit redemption data by the seven-digit retailer identification number to STARS, the FNS SNAP redemption database operated by the FNS Benefit Redemption System Branch (BRSB). The file is sent on a weekly basis but contains data broken down by day.

3.2.13.4 The database shall ensure accurate EBT transaction detail data pertaining to each retailer is captured and shall contain up-to-date information about retailer bank accounts and store cutover times for ACH purposes.

Our RAPS2 database ensures that accurate EBT transaction detail data pertaining to each retailer is captured, and contains up-to-date information about retailer bank accounts and store cutover times for ACH purposes.

3.2.13.5 The EBT contractor shall cooperate with the State or Federal personnel conducting investigations or audits and provide requested information within a mutually agreed upon time not to exceed 30 calendar days.

We cooperate with State and federal personnel conducting investigations or audits, providing any requested information within a mutually agreed upon time not to exceed 30 calendar days.

3.2.14 EBT-Only Retailer Support

EBT-only equipment must be deployed quickly to newly authorized FNS exempt retailers and maintained in good working order so that cardholders are assured of benefit access. We fully support EBT-only retailers—those exempt retailers authorized by FNS to process SNAP benefit transactions who choose not to use a TPP or to self-process SNAP transactions.

3.2.14.1 According to §274.8, POS terminals shall be deployed as follows:

A. For group home and group living facilities, at the State option, a POS terminal may be deployed in the facility for the transfer of SNAP benefits from the client to the facility.

We currently support the redemption of SNAP benefits in group home and group living facilities. Please see our response to RFP Section 3.2.14.6, Agricultural Act of 2014 – Exempt Retailers, for more information about our approach in this area.

3.2.14.2 The EBT contractor shall provide annual reviews, at the request of the Nevada Project Management Team, and/or cooperate with State staff to provide redemption data to determine if POS terminals are allocated according to 7 CFR §274.8. The EBT contractor shall retrieve and deploy POS terminals following an annual review according to SNAP staff direction.

We will provide annual reviews, at the request of the Nevada Project Management Team, in order to determine if POS terminals are allocated according to 7 CFR 274.8. We also will cooperate with State staff as necessary to provide redemption data to analyze POS terminals for the same purpose. Conduent will retrieve and deploy POS terminals according to SNAP staff direction following an annual review.

3.2.14.3 The EBT contractor shall be required to deploy POS equipment to authorized retailers that have commercial POS services. If the SNAP staff directs, the EBT contractor shall provide specified retailers with a POS terminal for balance inquiry. There are approximately ten SNAP authorized farmers' markets who utilize an EBT-only device.

As noted, our current relationships with all major TPPs allow us to maximize the use of existing commercial services. If the SNAP staff directs, we will provide specified retailers with a POS terminal for balance inquiry.

We provide support, as required under the Agricultural Act of 2014, to specified exempt retailers, including FNS-licensed farmers' markets. Our efforts enable all non-traditional retailers to participate in EBT in the same manner as traditional retailers. We currently use a turnkey wireless POS solution for farmers' markets for several of our state clients that we will likewise offer to Nevada.

3.2.14.4 The EBT contractor must ensure that the EBT-only equipment and supplies deployed by the EBT contractor are maintained in good working order. The minimum standard for responding to a retailer's report of a malfunctioning or inoperative POS device will be that the device is either repaired or replaced within 48 hours from the time of receipt of the report. This standard allows for overnight delivery of a replacement POS device and peripheral equipment. The EBT contractor is responsible for providing POS supplies to retailers with EBT-only POS terminals.

As noted, Conduent follows FNS requirements in providing exempt retailers with EBT-only POS equipment and related installation, maintenance, and support services. We respond to a retailer's report of a malfunctioning or inoperative POS device by repairing or replacing the device within 48 hours of the service request, and often within 24 hours of receiving a service request.

In accordance with SNAP Provisions of the Agricultural Act of 2014, we follow FNS regulations regarding POS supplies and consumables. We provide FNS-authorized exempt Nevada EBT-only retailers POS supplies through a paper supply order and shipping process through our retailer customer service center. The amount of paper rolls provided is based on the usage rate in relation to the number of transactions performed daily by the retailer and summarized at the end of the month.

3.2.14.5 Section 4002 of the Agricultural Act of 2014 now requires non-exempt retailers to pay for EBT equipment, supplies, implementation, and related services to participate in SNAP. Retailers that become SNAP authorized after March 21, 2014, must pay for their own EBT equipment and services. Retailers authorized on or before March 21, 2014 and who have already been given free EBT equipment and services by the State may, at the State's option, continue to use the EBT equipment and services for free only until September 21, 2014. Unless exempted, SNAP-authorized retailers now arrange for lease or purchase of EBT equipment and services on their own for continued participation in SNAP.

We comply with federal regulations in 7 CFR §274.3, as amended by the Agricultural Act of 2014, requiring all non-exempt retailers who become newly SNAP authorized after March 21, 2014, to pay for their own EBT equipment, supplies, implementation, and related services.

3.2.14.6 Section 4002 of the Agricultural Act of 2014 does exempt several categories of retailers; Drug and/or Alcohol Treatment Programs, Non-profit Food Buying Co-ops, Shelters for Battered Women and Children, Communal Dining Facilities, Direct Marketing Farmers, Farmers' Markets, Group Living Arrangements, Homeless Meal Providers, Military Commissaries, Meal Delivery Services and Senior Citizen' Centers/Residential Buildings.

In accordance with FNS regulations, we deploy POS devices to FNS-authorized exempt retailers. As part of our well-established retail management services, we support EBT processing in traditional retail locations as well as non-traditional sites such as group homes and similar facilities. These include Drug and/or Alcohol Treatment Programs, Non-profit Food Buying Co-ops, Shelters for Battered Women and Children, Communal Dining Facilities, Direct Marketing Farmers, Farmers' Markets, Group Living Arrangements, Homeless Meal Providers, Military Commissaries, Meal Delivery Services, Senior Citizen Centers/Residential Buildings, and other non-traditional retailers.

We currently support the redemption of SNAP benefits in these types of facilities and programs within the State. If phone lines and electrical service are available to a non-traditional exempt retailer who qualifies under FNS rules for receipt of EBT-only POS equipment to support online transaction processing, we provide the equipment, supplies, and training at no cost to the retailer. If a licensed non-traditional authorized exempt retailer does not qualify under FNS rules for receipt of EBT-only equipment, the retailer is provided manual voucher access in accordance with the guidance of the Agricultural Act of 2014 relating to manual vouchers. These methods for processing are the same as for all other retailers in the State.

Program staff retains access to information for these types of facilities from the Administrative Terminal, just as they would for any other traditional retailer. Technical support and maintenance of the equipment, as well as reporting, is likewise the same. The non-traditional retailers are able to contact the toll-free retailer customer service number in case of equipment malfunction or any other potential issues that may arise.

3.2.15 Retailer Lease/Purchase Equipment

The EBT contractor is encouraged to provide additional POS equipment to retailers that wish to obtain additional equipment from the EBT contractor and to provide POS equipment to those retailers which express an interest in accepting the QUEST® card for cash transactions. The EBT contractor is free to charge the retailer for providing and supporting this additional equipment. However, the EBT contractor must charge not-for-profit organizations the same fees paid by the State. Any agreement covering a terminal lease or purchase arrangement shall be between the EBT contractor and the retailer; the State will not be party to any such agreements. The EBT contractor will be responsible for downloading the software to the terminals that will enable the terminals to accept the card.

Section 4002 of the Agricultural Act of 2014 requires retailers to pay for EBT equipment, supplies, implementation, and services to participate in SNAP. We have implemented policies to accommodate this requirement and we offer newly authorized retailers the opportunity to lease or purchase EBT equipment and services directly. We, likewise, assist retailers who wish to process with their own equipment and those who wish to process through a TPP. Should a retailer wish to acquire additional POS equipment beyond the required level, we provide the equipment to the retailer at retailer cost. The fees charged to not-for-profit organizations are the same fees paid by the State.

The State will not be party to the Conduent agreement with the retailer or be responsible for the additional equipment cost. In accordance with the specific circumstances as identified in 7 CFR § 274.3(a)(2), we agree to only charge retailers reasonable fees resulting from abuses, breach of contract, or negligence on the part of the retailer. All Conduent-supplied POS devices are provided with the necessary operating software and updates that allow them to accept the card.

3.2.16 Retailer Phone Lines

The State does not pay for retailer phone lines. The EBT contractor may utilize the retailer's existing telephone line and electrical power supply for each POS configuration. If the retailer's monthly SNAP benefit redemptions exceed $5,000, the EBT contractor shall, if requested, install a dedicated phone line exclusively for EBT use. The EBT contractor shall reimburse the retailer via ACH for the base line services. The EBT contractor shall be responsible for all base line service costs. The retailer shall be responsible for all costs in excess of base line service. Reconnect costs incurred, which result from the retailer's failure to pay the monthly bill, shall not be reimbursable by the State or the EBT contractor.

Our policy with regard to retailer telephone lines complies with all State and FNS requirements and is detailed explicitly in our Nevada retailer agreements. The State does not pay for retailer telephone lines, and we may use an exempt retailer's existing telephone line and electrical power supply for each POS configuration. If the exempt retailer's monthly SNAP benefit redemptions exceed $5,000, we provide for the installation of a dedicated phone line exclusively for EBT use, if requested. We reimburse the retailer through ACH for the base line services (local dial-out, no incoming calls, and no long-distance calls) for the sole use of conducting EBT POS transactions. The retailer is responsible for all costs in excess of base line service. Reconnect costs incurred, which result from the retailer's failure to pay the monthly bill, are not reimbursable by the State or Conduent.

3.2.17 Fraud Detection

The EBT Contractor shall advise, assist and appropriately act to aid the State in detection and investigations of abuses by stores, recipients or workers, including but not limited to, reporting unusual activity. The EBT Contractor's fraud detection and reporting solutions shall support State initiatives for card replacement monitoring, follow-up, and reporting. This may entail cooperation with various authorities of the State and Federal agencies that are responsible for compliance with laws and regulations surrounding the programs. Stores authorized by the Food and Nutrition Service to accept SNAP benefits may become subject to monitoring and investigations by the State, FNS, USDA OIG, IRS, Secret Service, or local police departments. Recipients are subject to investigation by the State program authorities and occasionally others. Access to information concerning these matters will be restricted both at the State and the Contractor so that the investigations are not compromised. The Contractor must provide EBT and retailer system information, such as bank account numbers and ACH payment details, to the State, FNS and/or USDA OIG, as needed for evidentiary purposes, within 24 hours of request.

To support Federal and State fraud investigators, the Contractor shall provide the capability to establish accounts, add SNAP and cash benefits to the investigative accounts, and issue cards for the purpose of investigating fraudulent use of SNAP and cash benefits. Such accounts and all transactions related to such accounts must be maintained in a secure and confidential manner. Only authorized personnel will have access to these accounts

EBT Administrative functionality shall be provided to the State to set up accounts, and to authorize and remove benefits. At a minimum, it will be necessary for the Contractor to provide access for the purpose of establishing accounts, posting SNAP and cash benefits, reconciling transactions, deleting remaining available benefits, closing accounts, and providing the required transaction reporting for accounts and benefits established via the Administrative functionality. Inquiry-only access to the case, benefit and transaction activity for investigator accounts must be provided to FNS and OIG. These needs must be addressed in the design phase, covered in acceptance testing, and available at conversion.

Funds for SNAP investigative transactions will be drawn through ASAP. Funds for cash transactions will be drawn from the State. The Contractor must provide a daily report or inquiry screen of entries provided to the FRB of Richmond through the AMA batch process. The Contractor must provide a daily report or inquiry screen that provides the details of all updates to the AMA file to facilitate FNS-46 reporting.

- Separate entries must be created for regular SNAP benefit activity and fraud investigative SNAP benefit activity.

- This report or inquiry screen must be made available to FNS.

The Respondent shall propose innovative methods or the application of technologies that would support the deterrence and detection of fraud, including, but not limited to, fraud committed by cardholders, retailers/merchants, and employees. The Respondent shall describe their history and experience in the use of the proposed technology in EBT to combat fraud and abuse.

- Development of fraud profiling data to alert investigators of cardholders that are potentially misusing benefits.
- Fraud detection and benefit recovery specific ad-hoc reporting capability.
- Use of predictive modeling.
- Web-based fraud dashboard with a suite of tools and functionality to assist the identification of potential fraudulent situations and high risk suspected activities with the flexibility for modification as needed based on data analysis and environmental circumstances.

Our EBT and WIC Connect solutions maintain the highest industry standards in data and system security, providing a well-guarded processing environment for Nevada and its EBT cardholders. Our system security and operational procedures make certain that system and confidential information is never disclosed for unauthorized purposes. We are committed to assisting you in proactively detecting the deliberate misuse of benefits and in preventing fraud in the Nevada EBT Programs. We take a multi-pronged approach to fraud prevention, meeting or exceeding the State's requirements by applying the latest electronic fraud analysis methods and state-of-the-art data analysis tools. The use of a multi-layered prevention, detection, and response strategy is essential for maximizing the efficiency and effectiveness of a fraud detection and deterrence program. We use an array of internal and external data, fraud prevention tools, intelligent data management, and industry relationships to enhance our effectiveness at identifying new and emerging risk behaviors.

The State receives an EBT processing system where security and internal controls are an integral component of each EBT function and operation. Moreover, we employ strict internal controls and strong system security measures throughout the entire system development life cycle, which assures a secure system environment is maintained throughout the life of the program. With our comprehensive fraud detection and prevention plan combined with EPPIC's extensive security procedures, the State has access to relevant, specific tools for monitoring EBT program patterns and detecting fraudulent activities.

Cooperating with the State on Detection and Investigation

Working together, we can move Nevada from paying benefits, then attempting to find and pursue fraud to detecting and preventing fraud, and conserving government program funds in the process. When partnering, we do not simply send an exhaustive list of accounts or merchant numbers. Fraud investigators may use a mix of pre-built ad hoc queries (that can be triggered on demand), ad hoc queries, and scheduled queries to do their work. We refer any potentially fraudulent cases to the State Project Manager and cooperate with the FNS Office of the Inspector General (OIG), or any other law enforcement agency when requested, in investigating cases of alleged fraud. We will provide EBT and retailer system information, such as bank account numbers and ACH payment details, to the State, FNS and USDA OIG, as needed for evidentiary purposes, within 24 hours of request.

Investigative Account Creation

EBT administrative functionality is provided to set up accounts, and to authorize and remove benefits. At a minimum, we provide access for the purpose of establishing accounts, posting SNAP and cash benefits, reconciling transactions, deleting remaining available benefits, closing accounts, and providing the required transaction reporting for accounts and benefits. Our reporting consists of separate entries created for fraud investigation as it relates to SNAP benefit activity as defined in the AMA Entry Report.

Inquiry-only access to the case, benefit and transaction activity for investigator accounts is provided to FNS and OIG. These needs are addressed in the Design Phase, covered in acceptance testing, and available at conversion.

We routinely cooperate with the FNS and authorized investigative agencies, as well as any local law enforcement agencies and district attorneys, regarding any retailer or recipient investigation. Throughout the contract term, we work with the State to create and maintain EBT accounts through the Administrative Terminal application or a batch interface, as preferred, for use in investigating retailer or cardholder fraud and to ensure the system operates as quickly and efficiently as possible. Benefit authorizations for the investigative accounts also are added through the Administrative Terminal application or through the batch interface. All information concerning these accounts is kept secure and confidential and is made available only to authorized personnel.

The State can set up accounts and add benefits as needed through the EBT system or through their specific identified batch process. We can provide the following investigative account set-up functionality based on State preferences:

- ***The system can provide only a designated user security profile and corresponding user ID(s) to create an EBT investigative account, which is indistinguishable from any other account.***
- ***The State can set up fraud accounts blindly to Conduent through their eligibility management system process.***
- ***The State can use EPPIC to create fraud investigator accounts and add/remove funds through the Administrative Terminal.***

As shown in Exhibit V-12, authorized State staff may choose to use the Investigative Management Screen to establish the investigative account by providing the name (first, last, middle initial, and suffix), address (both lines), city, State, ZIP code, date of birth, and SSN. EPPIC typically provides the recipient number using a pre-determined set of numbers established by the State.

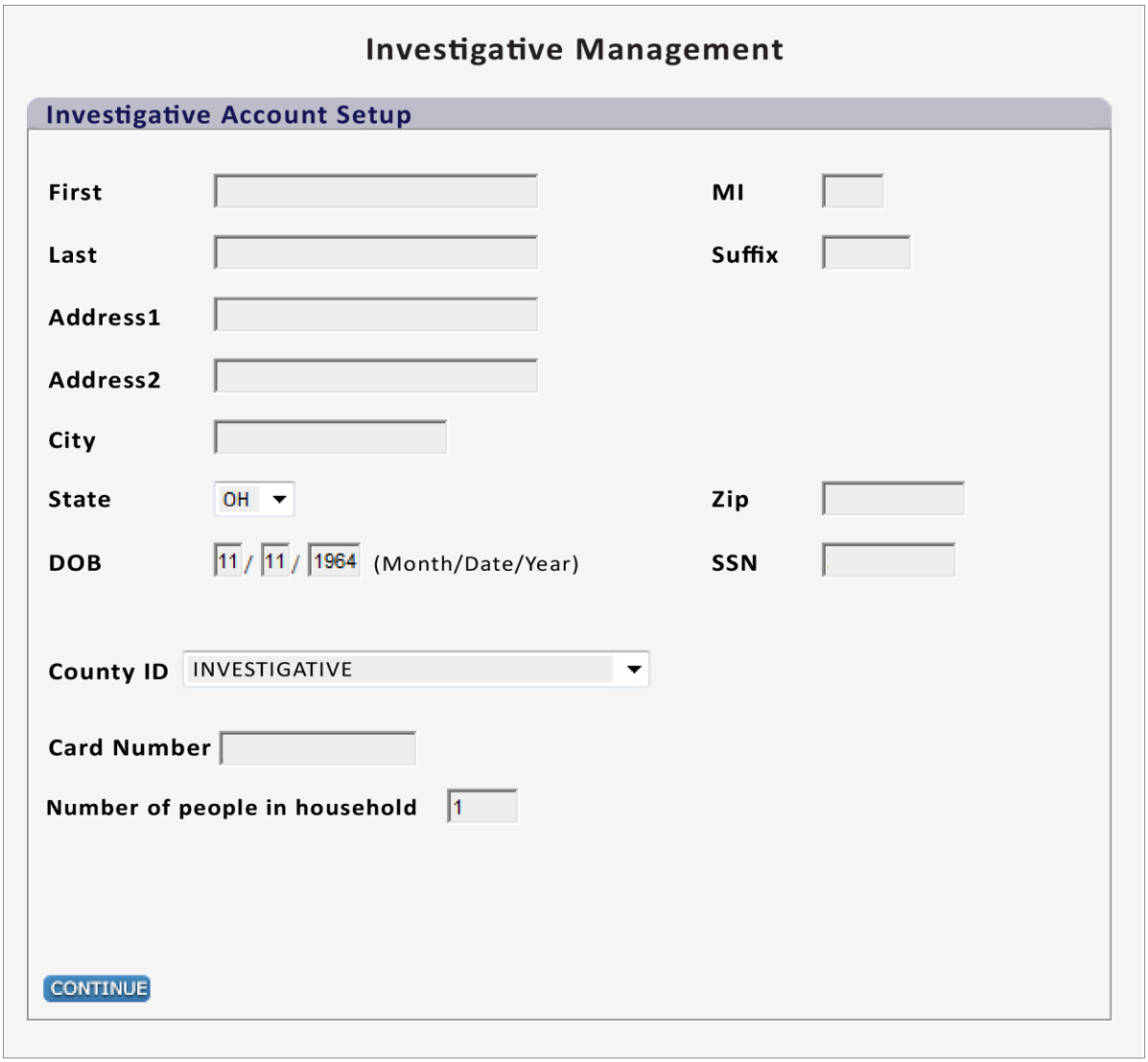


Exhibit V-12. Investigative Management Screen
Authorized staff uses this screen to establish an investigative account.

Posting SNAP and Cash Benefits and Reconciling Transactions

EPPIC enables authorized State staff to add benefits to investigative accounts using the Investigative Benefits Management Screen shown in Exhibit V-13. As noted, EPPIC also can add benefits to investigative accounts through a batch interface if Nevada prefers. The State identifies authorized staff to add benefits and provides the appropriate permissions to apply benefits to investigative accounts. The user enters an availability date on the screen and benefits become immediately available if the availability date is set to the current date. Benefits issued through the Investigative Benefits Management Screen appear no different from benefits issued through any normal process.

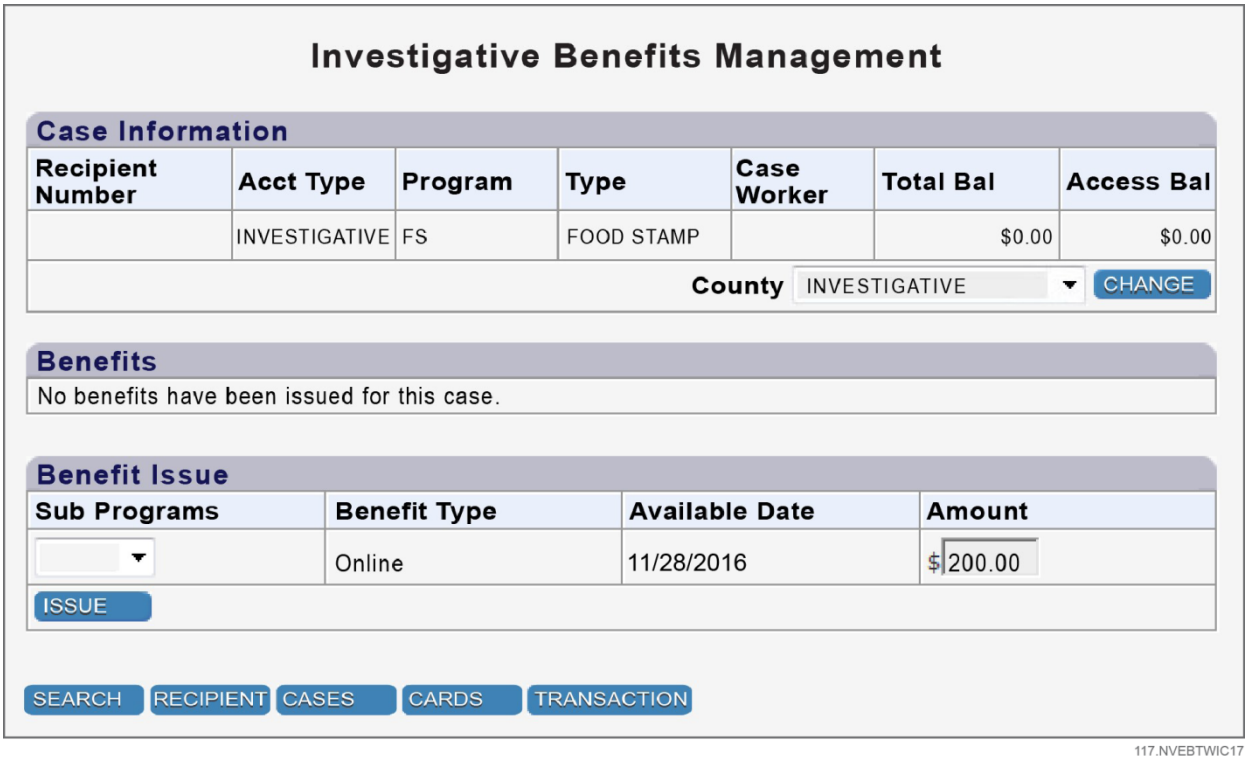


Exhibit V-13. Investigative Benefits Management Screen

Authorized staff uses this screen to add benefits and assign an availability date to investigative accounts.

Funds for SNAP investigative transactions will be drawn through ASAP. Funds for cash transactions will be drawn from the State. Conduent provides a daily report or inquiry screen of entries provided to the FRB of Richmond through the AMA batch process. We also provide a daily report or inquiry screen that includes the details of all updates to the AMA file to facilitate FNS-46 reporting.

Access to Investigative Accounts

Only authorized State personnel are allowed access to these online account set-ups and benefit issuance features, which are controlled by our flexible, yet robust, type- and role-based security profiles. A special user profile will be created in EPPIC for this purpose. Users without proper access will not be able to access these Administrative Terminal screens.

Cutting-edge, EBT-specific, Data-driven Fraud Innovation

We have existing innovative methods and technologies that have consistently demonstrated their ability to deter and detect fraud, including fraudulent activities perpetrated by cardholders, retailers/merchants, and employees. In several of our current EBT programs we have amassed significant experience in using these tools to combat fraud and abuse. This has included developing fraud profiling data to alert investigators of cardholders that are possibly misusing benefits, the use of fraud detection and benefit recovery specific ad hoc reporting capability, and the application of predictive modeling. Our anti-fraud solution also features a user-friendly, web-based fraud dashboard along with a proven suite of tools and functionality that helps with identifying potential fraudulent situations and high risk suspected activities, and which also is flexible enough to accommodate change as required based on data analysis and environmental situations.

From our experience, we know there are many fraud prevention and detection lessons that can be learned from financial services entities such as banks and credit card companies. This industry has been fighting electronic payments fraud for decades, and there are definitely some best practices that government benefits programs can, and should use in their fraud management programs. Using data and business intelligence to highlight suspicious situations is a great example. However, fraud experiences differ from program to program. Fraud managers experiencing more aggressive fraud threats or vicious media scrutiny may choose to pursue a higher level of fraud prevention and detection management. They may desire the ability to use additional predictive models, as well as conduct linkage analysis and visual analysis, but still be very mindful of costs, resources, and productivity.

For most analysts, visualizing, assimilating and extracting value from nearly everything in a database is an impossibility. Likewise, using fraud models solely can also limit capabilities in other ways, as they may only show existing patterns and not adequately address emerging trends. By incorporating both statistical methodologies and deploying advanced analytical techniques, Conduent can help the State optimize both to extend fraud detection capabilities even further.

Our Intelligent Analytics Portal (IAP) includes analytical capabilities for managing information, such as the ability to perform historical data analysis on all transactional data related to recipient benefit accounts. This functionality allows Conduent and Nevada to monitor the program thoroughly, with particular focus on fraud protection. Please see our response to Section X, Other Informational Material, Section X.1, Conduent Innovations, for more information about our approach to fraud detection and our Intelligent Analytics Portal.

Advanced Predictive Analytics Fraud Package (Optional Service)

We have developed an advanced predictive fraud analysis service that enhances our clients' ability to further reduce fraud, waste, and abuse. This optional service (known as the Fraud Package) is fully integrated with the IAP. Our solution predictive fraud analysis is proprietary information. Please see our Confidential Technical Proposal, Section II.5, Advanced Predictive Analytics Fraud Package for full details.

3.3 FUNCTIONAL REQUIREMENTS

Bringing Benefits and Meeting Objectives
• ***EPPIC's open architecture and platform-independent operating system features technology to reduce system integration risks and time-to-implement for Nevada's three EBT Programs, ensuring timely implementation for the State.***
• ***System changes and the addition of new programs to your EBT system are easily accomplished with EPPIC's unique design, allowing you to readily grow your EBT services.***
• ***We coordinate system interface design sessions, system verification sessions, Detail Design Documents, and Functional Demonstrations for your three EBT Programs to confirm our systems and interfaces work together seamlessly.***

Our advanced Connect solutions—designed to meet the needs of government agencies and cater to the unique needs of Nevada—assure that your stakeholders receive the quality service and modern access they deserve for your successful Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project. We are one of the most experienced EBT and WIC contractors, and as such, we offer you years of experience with meeting each of our state customers' unique functional requirements. We will apply all our experience and skill in implementing and operating your three EBT Programs.

In this section, we respond to the following RFP requirements:

3.3.1, Eligibility System Interface JAD Design Sessions
3.3.2, EBT System Requirement Verification Sessions
3.3.3, Detailed Functional Design Document

3.3.4, Functional Demonstration
3.3.5, 1099 Statements

3.3.1 Eligibility System Interface JAD Design Sessions

The EBT contractor shall support the interface between the Nevada SNAP/TANF Eligibility System and the EBT system and the interface between the Nevada WIC Programs MIS and the EBT system. The EBT contractor shall assist in defining any required modifications for the EBT systems' interfaces. To facilitate this task, the EBT contractor shall coordinate interface design sessions in preparation of development, testing, data conversion, and rollout activities for the WIC and the SNAP/TANF EBT interfaces.

We support the interface between the Nevada SNAP/TANF Eligibility System and EPPIC and the interface between the Nevada WIC Programs MIS and EPPIC. Our interface support begins on day one of the program when we work with your agencies to review your current interface requirements and identify any necessary changes. It has been our experience through previous EBT program conversions, that EPPIC's flexibility allows us to quickly respond to requests for customization to better reflect the requirements specific to your three EBT Programs.

As specified in our response to RFP Section 3.3.3, Detailed Functional Design Document (DFDD), we base the DFDD and subsequent Detailed Technical System Design (DTSD) on your three EBT systems requirements in the RFP as reviewed and finalized during the joint application design (JAD) sessions. We initiate and coordinate the interface design sessions between our respective teams during the JAD sessions to prepare for development, testing, data conversion, and rollout activities for the SNAP, TANF, and WIC EBT interfaces.

Following the finalization of the interface requirements, we develop and submit for agency approval our Interface Control Document (ICD).

Interface Control Document (ICD)

The ICD provides the functional interface requirements and details the file layouts and specifications for the interface between the State systems and EPPIC. The ICD is submitted as part of the DTSD and is updated within 30 days of any changes. Files include those that support case and cardholder maintenance, benefit maintenance, daily activity, benefit aging, and adjustment activity. Online messages are documented as well.

Our broad-based experience enables us to easily transition to a different batch or online process when necessary, should you choose to make a change in the future. We typically transmit data files using either Secure File Transfer Protocol (SFTP) or IBM Sterling Connect: Direct. However, EPPIC can accommodate Remote Method Invocation (RMI), Internet Inter-Orb Protocol (IIOP), and Simple Object Access Protocol (SOAP). Our technical staff also is capable of introducing new protocols should the requirement arise.

In creating a flexible design for EPPIC to meet the needs of government programs, our use of an open architecture enables us to easily interface with disparate systems. This gives us the ability to readily accommodate any future changes that may occur, thereby eliminating the need for more lengthy development and testing processes that could ultimately cost you both time and money.

FNS WIC Universal MIS-EBT Interface

Conduent is an active participant of the USDA FNS WIC Universal MIS-EBT Interface (WUMEI) workgroup sessions. This involvement provides insight to allow us to develop a WIC EBT MIS Interface Specification Document that defines and documents the messages and files that are exchanged between the WIC EBT system and Nevada's WIC MIS. The design is in accordance with the USDA FNS WIC Universal MIS-EBT Interface Specification (most current version). We work with the WIC MIS development team to complete a thorough assessment before creating the interface specification document to confirm that the needs of all users are met. This comprehensive document reflects your WIC-specific system documentation for EPPIC. This document is submitted within 90 calendar days of contract execution. Table V-15 provides an overview of this deliverable.

Table V-15. WIC MIS-EBT Interface Specification Document Contents

Content	Description
Web Service and Batch Processing Standards	• ***Defines processing standards for web service messaging and batch file transmissions*** • ***Details interface security protocols*** • ***Outlines how batch file transmissions are scheduled and monitored by Conduent data center personnel in compliance with operational and statutory requirements***
Batch File Layouts and Conventions	• ***Includes definitions of batch file layouts, adhering to the WIC Universal Interface Specifications, specific to the State implementation*** • ***Identifies any optional files or data elements defined for implementation during the JAD sessions***
Web Service Messages	• ***Outlines the real-time messaging services between EPPIC and the WIC MIS*** • ***Defines message layouts and data elements included for each web service, in accordance with the WIC Universal Interface specifications***

We agree with the approach of the WUMEI, as it provides a roadmap to successfully develop a seamless interface between the MIS and WIC EBT systems. We use the WUMEI as a reference during the JAD sessions with the State to confirm adequate design of the real-time and batch interface points between the systems.

When USDA FNS mandates the use of a new version of the Universal Interface and the State agrees to transition to a new version, we will implement the new specifications from that interface at no additional cost to the State.

3.3.2 EBT System Requirement Verification Sessions

The EBT contractor shall facilitate requirements verification sessions to validate SNAP and TANF's system requirements against the Contractor's EBT system and validate WIC Programs requirements and the WIC MIS interface functionality against the EBT Contractor's EBT System. The system requirements validation and system design sessions will take place at a location designated by the Nevada EBT Project Management Team (the Project Management Team will consist of WIC, SNAP and TANF Program management staff). Prior to each session, the EBT contractor shall provide session agendas and electronic copies of all materials to be distributed at the sessions. Subsequent to the sessions, the EBT contractor shall deliver a technical memorandum documenting all agreements, understandings and contingencies arising from the sessions.

A critical element of the Design Phase is the EBT system requirements verification sessions, during which our team works with your staff to determine and validate the design that best meets the unique needs of your three EBT Programs, including all systems interfaces. We facilitate the system requirements validation sessions soon after contract execution in accordance with the agreed upon project planning schedule. The system requirements validation sessions (system design sessions) are the starting point for definition and development of the interface between the State and Conduent systems. Conduent staff attend the sessions at the location designated by the Nevada EBT Project Management Team. Key elements of our system requirements validation approach for all three of your EBT Programs are as follows:

- ***System Requirements Validation Sessions Agenda. The purpose of these sessions is to establish a common understanding of requirements. We encourage and welcome participation in the session from a broad cross-section of users including eligibility, technical, policy, and fiscal staff. Retailers, vendors, clients, and participant representatives are welcome as you deem necessary or helpful.***
- ***System Requirements Validation Sessions Materials. We provide agendas and electronic copies of all materials to be distributed at the sessions to the Nevada EBT Project Manager or designee(s) for approval prior to the meeting.***
- ***System Requirements Validation Sessions Reporting. Conduent provides written technical meeting notes to the Nevada EBT Project Management Team following the system requirements validation sessions. The notes serve as documentation of our discussions, including all agreements, understandings, and contingencies arising from the sessions. The SNAP, TANF, and WIC Program requirements outlined in this RFP and the requirements gathered during the meetings will serve as the basis for the development of the EBT Detailed Functional Design Documents, including use cases, which govern the development and subsequent testing validation of your three EBT Programs. (Note: Because SNAP and TANF are similar programs, and as clarified in Question #18 of Amendment 1, we have combined these two Detailed Functional Design Documents).***

The system requirements validation sessions confirm that each function is documented, reviewed internally, and reviewed with stakeholders to ensure that all parties are in full agreement on the functionality, timing, and responsibilities before any configuration of our existing system takes place for each of the EBT Programs.

3.3.3 Detailed Functional Design Document

The Detailed Functional Design Document (DFDD) shall provide a functional overview, functional requirements, controls, procedures, workflow and security of the contractor's EBT systems for WIC, SNAP and TANF. The functions within the Functional Design Document shall be logically numbered so that they can be traced to the Request for Proposal and to test scripts.

Our Detailed Functional Design Document (DFDD) provides a functional overview of our transaction processing system (EPPIC) for Nevada, detailing its operating environment, functional requirements, controls, processes and procedures, workflow, and security. Through this document the State can validate that we not only understand and meet all requirements, but also that we design the system that is easy to use and properly supports your EBT and Cash Benefit System Project. This documentation of your systems' operations and functions serves as a foundation for your systems' detailed designs. The DFDD is logically numbered so the requirements and their responses can be traced to the RFP and to the test scripts. The DFDD forms the basis for development of all our use cases and subsequent test scripts from unit testing through the User Acceptance Test (UAT) for your WIC Programs as well as your SNAP and TANF Programs.

EPPIC's flexibility allows us to quickly respond to requests for configuration to better reflect the requirements specific to your three EBT Programs. Table V-12 within our response to RFP Section 3.2.3, Detailed Technical Specification Documentation, provides an overview of the DFDD content.

We will submit the DFDD within the timeframes specified in the Preliminary Project Plan. As the program progresses, we update the DFDD and subsequently the use cases and test scripts to reflect any additions or changes to the system design.

3.3.4 Functional Demonstration

The EBT contractor shall present a Functional Demonstration presenting the full functionality of the WIC Programs' EBT system, the SNAP EBT system and the TANF Cash Benefit system. The Functional Demonstration shall include presentation of all applicable certification system interfaces. The Functional Demonstration should be held in Carson City. It should demonstrate the all systems are ready for Program specific UAT and ensure the design is according to the expectations of the Project Management Team. After the completion of the Functional Demonstration the Project Management Team, together with FNS representatives, will make the Go/No Go determination decision if the complete system is ready for UAT.

The Functional Demonstration provides your agencies and USDA FNS an early review and observation of the planned WIC Programs' EBT system and the SNAP EBT and TANF Cash Benefit system, functionality and to identify any modifications required. We support the Functional Demonstration in Carson City, Nevada at a location chosen by the State.

The Functional Demonstration is usually a two-day event for the State and FNS in a structured test environment. We work with the Nevada EBT Project Management Team and FNS to design the Functional Demonstration in a manner that ensures all systems meet your expectation and are ready for program specific User Acceptance Testing (UAT). We work cooperatively with your user and technical teams to define the structure, functionality, and scope of this test and adjust the tests as needed. We have identified some of the functionality that is typically addressed during the Functional Demonstration, including:

- ***Presentation of all applicable certification system interfaces***
- ***All Nevada SNAP, TANF, and WIC Program transactions***
- ***Batch setup and benefit authorization files***
- ***Administrative Terminal application functionality related to:***
  - ***Case search***
  - ***Case set up***
  - ***Benefit issuance***
  - ***Transaction history queries***
  - ***Card issuance, status, and replacement***
- ***Voucher authorization and settlement procedures***
- ***IVR functions and CSR scripts***
- ***User security management***
- ***Web portal access***
- ***System reconciliation***
- ***Financial reporting***

Upon the completion of the functional demonstration, we develop and submit a Functional Demonstration Report for your review. The report provides a summary of all activities, findings, and any recommendations resulting from the demonstration. The report includes a timetable to complete any revisions that are required.

Following State and FNS review of the Functional Demonstration Report, we incorporate any modifications specified by the State and FNS into the respective program and update design documentation accordingly. We acknowledge that following the demonstration, the Nevada EBT Project Management Team, together with FNS representatives, will make the Go/No Go determination decision if the complete system is ready for UAT.

Please see our response to RFP Section 4.6, System Testing, for more information about our testing procedures and assurance that our testing procedures fully comply with the State's requirements.

3.3.5 1099 Statements

With the State's request, the EBT contractor shall provide the capability to track and process 1099 Statements for providers paid through the EBT services contract as an option, such as for Farmers Market program farmers.

At the State's request, we are prepared to provide the capability to track and process 1099 statements for providers paid through the EBT services contract as an option, such as for the Farmers' Market program. We currently produce 1099s for the State of Connecticut WIC EBT vendors through our Connecticut WIC Vendor Portal. Exhibit V-14 provides an example of our Vendor Portal 1099 reporting screen, which will appear on your vendor portal as well.

Exhibit V-14. 1099 Reports Screen
Instructive messages regarding 1099 reports are available online.

3.4 SECURITY STANDARDS

The vendor must explain in their proposal what measure will be taken to ensure the overall system security and the security of card, hardware, software and data necessary to provide the EBT/Cash Benefit systems for WIC, SNAP/TANF.

Security is an important aspect of the EBT/Cash Benefit System for WIC, SNAP/TANF. The EBT contractor shall be responsible for the implementation and maintenance of a comprehensive security program for the EBT system and operations. This program shall include the administrative, physical, technical and systems controls that will be implemented to meet the security requirements of the EBT system. It is the expectation of Nevada staff that the system of internal controls used to manage risks to the EBT system and operations shall be based on EFT industry standards.

The EBT contractor and all subcontractors shall ensure that an appropriate level of security is established and maintained in connection with the EBT services provided pursuant to the RFP. The EBT contractor shall process information that has been designated sensitive but unclassified. Sensitive but unclassified information is any information, the loss, misuse or unauthorized access to or modification of which could adversely affect the national interest of the conduct of Federal programs, or the privacy to which individuals are entitled under Section 552a of Title 5, United States Code (the Privacy Act), but which has not been

specifically authorized under criteria established by an Executive Order or an act of Congress to be kept secret in the interest of national defense or foreign policy.

Bringing Benefits and Meeting Objectives

- ***Through an array of rigid security processes, tools, investigative methodologies, intelligent data management strategies, and expert security and fraud management personnel, we effectively protect State program and cardholder account information.***
- ***Our protective measures include tight physical security that features access control systems, entrance security, locks, proximity/swipe card or biometric devices, data storage security, and fire protection and suppression systems. The State can rely on Conduent to keep program data safe.***
- ***Certified by major card associations and USDA FNS, our trusted card production and fulfillment partner, Fiserv, has the highest security standards for facilities, personnel, materials, and data with more than 100 physical and logical audits per year, including SSAE-16/SOC1, which keeps the State's card stock safe and secure.***
- ***All Conduent and subcontractor facilities and services are operated at the highest level of security making certain that all program information is kept secure and confidential.***
- ***By meeting all required industry standards and conventions to assure we have a secure EBT environment, we have made the EBT Connect and WIC Connect solutions models for handling sensitive information.***

We understand that security is an important aspect of the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project. The critical nature of physical and data security in every component of business operations is a challenge all state and federal agencies face today. We meet this challenge by maintaining a proven, comprehensive security program for systems and operations that meets all applicable state, federal, and EFT industry requirements to protect the integrity and confidentiality of program data, including administrative, physical, technical, and system controls.

Because EBT programs combine transaction processing with human services administration, special security procedures are necessary to maintain the integrity of both. Our Security Policies and Standards are intended to meet or exceed protections found in existing SNAP/TANF EBT and WIC EBT programs, and EFT industry standards, laws, and regulations. Our policy governs the protection of information in any form that we handle on behalf of your cardholders and also applies to information at any location, stored or transmitted by any equipment or device, including equipment or storage media owned by any subcontractors.

Applying a broad-based security strategy, we incorporate security and risk reduction procedures into every portion of your three Nevada EBT Programs, including system design and operations, which protects program and cardholder data through both physical and logical security. They include separation of duties and/or dual control for the functions of card and PIN issuance, system administration and security administration, as well as separation of operations from control functions such as reconciliation controls, account set-up, benefit authorization, and settlement authorization. Our staff and subcontractors adhere to a rigorous security program for the life of the contract. Our commitment to providing you and our other state and federal customers with the most secure systems possible enables us to report that we have never had breach of our systems.

EPPIC processes information designated sensitive but unclassified, and Conduent adheres to the provisions of Section 552a of Title 5, United States Code (the Privacy Act). We and our subcontractors provide the required protection of the information designated sensitive but unclassified under the Act that is entrusted to us and our systems.

In the following subsections, we provide information that explains how we will ensure the overall system security and the security of card, hardware, software and data necessary to provide the EBT/Cash Benefit systems for WIC and SNAP/TANF.

3.4.1 The EBT contractor shall ensure the security of the EBT system and all of the system components. At a minimum, the following controls shall be implemented:

Details regarding all of our proven security policy and procedures are provided in the following subsections; however, we begin with the physical security of facilities that protect the hardware installed within them.

Security of Facilities

Our facilities that support your three EBT Programs are equipped with a state-of-the-art physical security infrastructure including biometric fingerprint scanners, video surveillance, proximity card readers, and alarm systems.

We have established physical security and control systems that are designed to limit access to the facilities and information we process to ensure they remain safe from unauthorized access, environmental hazards, manipulation, sabotage, and/or damage. In addition, the access and movement of authorized personnel at our facilities is strictly monitored and controlled at the main entrances and at all interior areas. All employees carry magnetic access cards or are authorized biometric users—and our methods restrict access to the specific areas they must enter to perform their duties.

Although the current location of data centers are Dallas, Texas and Pittsburgh, Pennsylvania, their locations are expected to change over the life of the contract as we transition to even more robust Tier 3 data centers. While this may require a change in locations, all data centers will remain within the United States. We will notify you of changes as they occur, and any transition will be transparent for your three EBT Programs.

In the remainder of this section, we detail the physical security protection measures we use to protect the continuity and integrity of system operation.

Entrance Security

The data centers, which host primary, backup, and hot-site data processing and telecommunications, maintain entrance security 24/7/365. The main entrance remains locked to anyone without a special access card. Security guards are onsite at all times. Supplemental security measures include video cameras and monitored parking lots. The facilities that store cardholder data have video systems that continually monitor entrances and exits.

To ensure all access is monitored and controlled, at the entrance and in all internal work areas, access cards are customized at the time of issuance to identify the user and define areas they may access. The door access controls track and report card access to identify who opened the door and when they entered. All lockable doors are fitted with alarms that notify local authorities of non-authorized access to further guard against unauthorized entrance. We physically lock the main entrances of all facilities during off hours. After hour access must be arranged and approved in advance.

Access Controls

Employees use access cards to enter the building and secure areas of the facility. The specific access privileges for the individual cards are programmed when they are issued and not marked on the card. Unused access cards are stored in an inactive status and do not allow access at all until issued and activated. We store magnetic access card stock in a secure, unmarked location and only distribute cards to authorized, fully-processed employees or visitors. Because of their swipe/proximity functionality, magnetic key cards cannot be left in doors.

All cipher lock systems used at our secure facilities feature hooded combination entry areas to prevent observation by unauthorized personnel. The combinations for these devices are changed periodically and distributed verbally to authorized personnel. We physically lock the main entrance during off-duty hours, ensuring the cipher devices are not used as sole locking devices. Entrance requires a key and access card/cipher lock combination or admittance by a security guard.

All Conduent employees are issued photo ID cards that are used to access doors in our facilities. We control access to certain areas by the security level granted to each employee. For example, administrative staff members do not have access to IT server/computer facilities, but do have access to main doors and common facilities. The level of access to buildings and facilities is granted on the individual's security access level. For individuals visiting our facilities, including business visitors, the attendant signs in all guests, issues temporary "Visitor" ID badges, and requires that an authorized staff member is present to escort the visitor at all times when onsite.

Visitors

Visitors are any non-Conduent personnel who are present on location. This includes but is not limited to vendors, auditors, and government staff. Visitors must check in and be granted clearance by the person in charge of the facility. They also are escorted by the facility security officer or designated alternate and are never left unattended.

Arrangements for after-hours visits, including service calls, must be made in advance. For visitors seeking access to perform onsite service calls on equipment, a Conduent employee must confirm having called for a service representative and the visitor's identity will be verified by calling the parent service organization.

Data Storage

Conduent and EPPIC meet Payment Card Industry (PCI) Data Security Standards (DSS), which is a multi-vendor initiative to address PCI security issues. PCI DSS is the most rigorous standard in the industry and includes standards for storage of portable media, physical and environmental security, network security, protection of cardholder data, and information security. EPPIC also continues to pass another demanding functional and security audit, the Standards for Attestation Engagements No. 16 (SSAE 16), which has been successfully completed numerous times.

We maintain strong security measures in place for the protection and storage of sensitive data including, but not limited to, magnetic tapes, diskettes, CDs, removable disk packs, optical drive media, paper listings, and microfiche, which are stored in access-controlled areas. We use either secure vaults or "caged" areas that are sealed with magnetic locks. All high-security areas are only accessible to authorized personnel.

Fire Protection and Suppression

To make certain that any fire that does occur is quickly suppressed, the data centers are segmented into zones fully equipped with fire and smoke detection system. To guard against damage from other environmental hazards, the data centers also are equipped with moisture detection systems. Suppression equipment includes Halon and sprinkler systems as well as an alarm that electronically notifies both the fire and police departments. A remote sensor network detects and reports fire, smoke, water seepage, unusual temperature changes, failure of computer cooling systems, and unauthorized entry into restricted areas.

Security Assessments

To confirm compliance with our physical security policies and protection of employees, data, and facilities, Conduent's Chief Information Security Office (CISO) conducts periodic Security Risk Assessments at leased or owned facilities, produces a finding report, and tracks business unit compliance.

We make sure that your three EBT Programs, including all system components are secure. Our standard systematic and procedural controls include control of card stock and PINS, communication access controls, user identification and authentication, role-based access controls, system access and audit controls, and transaction communications. The details of these systematic and procedural controls are described in the following subsections.

3.4.1.1 Control of Card Stock – The EBT contractor shall be responsible and bear liability for all unissued card stock until such card stock is provided to the Nevada WIC Programs' offices or the SNAP/TANF State offices.

Unissued card stock is sensitive material, and we apply strict physical and procedural security controls to card storage, handling, and distribution to guard against loss, theft, and abuse. We take our responsibility seriously and acknowledge that we bear liability for all unissued card stock until such stock is provided to the Nevada SNAP/TANF State offices or the WIC Programs' offices.

Our card services vendor, Fiserv, is a Visa- and MasterCard-certified card service provider that has been a trusted partner for more than 16 years and supports 92 of our electronic payment services (EPS) projects today. In 2016 alone, Fiserv mailed nearly 14.7 million cards for our EPS programs. They provide card storage, handling, and mailing procedures and policies that protect card stock from loss, theft, and abuse throughout the card production and issuance process. The secure control of card stock is a component of the measures employed to meet the mandates of SNAP, TANF, and WIC EBT programs to reduce and prevent fraudulent card activity. Whether at Fiserv's production facility or at any Conduent facility, cards are accessible only by authorized personnel. We store and ship all unissued cards in inactive status, and cards and card stock are carefully controlled from creation through shipment or issuance.

Card stock control and security measures include:

- ***Storage of card materials in controlled-access vaults or cages***
- ***Bulk shipping in boxes sealed with tamper-proof tape***
- ***Shipping manifests indicating the exact contents of each box***
- ***All cards stored, mailed, and shipped in inactive status***
- ***Efficient staffing approach requiring minimal staff for all production and shipping tasks***
- ***Large individual card mailings commingled with non-card mail to prevent identification***
- ***Secure courier for bulk shipments***
- ***Barcode-based inventory management***

Cards are returned to a secure Conduent facility when undeliverable, no longer usable, or for other reasons. The facility maintains a secure area for card returns and the destruction area has an upgraded level of security. The facility has a secure room behind locked doors secured by biometric access readers for mail delivery. Adjacent to that room is the card destruction area, also behind a locked door with a biometric access reader. The mail return and card destruction areas are walled off with wiring to the ceiling (caged) to prevent an intruder from access. Eight cameras in this area alone continuously record activities taking place. With additional monitoring and reporting, any doors left open outside pre-programmed timeframes trigger alerts to operations personnel.

3.4.1.2 Control of PINs – The EBT contractor is responsible for ensuring the confidentiality of the PIN during generation, issuance, storage and verification. The Data Encryption Standard (DES) algorithm shall be used to control all PINs. The EBT contractor shall ensure that clear text representation of the PIN will never be displayed on PIN entry devices. The EBT contractor shall provide for authentication of data encoded on the card's magnetic strip and PIN offset, and the PIN controls.

Security measures include stringent system and procedural controls to confirm that access to all PINs is strictly controlled. We take full responsibility for ensuring the confidentiality of the PIN during generation, issuance, storage, and verification.

For your three Nevada EBT Programs, all POS terminals will perform encryption according to the American National Standards Institute's (ANSI) Advanced Encryption Standard (AES) algorithm. EPPIC also supports the Triple Data Encryption Standard (3DES) algorithm being mandated by credit card companies and networks and is currently in use by several TPPs. Moreover, the PIN entry devices do not have PIN storage or recording capacity. Immediately upon entry, the PIN is encrypted and transmitted to EPPIC, where it is stored in a secure encrypted format. The system never records or stores an unencrypted PIN, and no person can view a PIN in its clear text form, whether on PIN entry devices, POS terminals, or on the Administrative Terminal.

In addition, EPPIC supports the PIN cryptographic and communication standards set by Quest Operating Rules to maintain PIN security. As provided in the Quest Operating Rules, a different encryption key is used for every transmission node in the system, with each communication pathway bracketed by secure encryption devices that erase key and PIN information if breached. These encryption methods are aggressive and thorough, yet easy to update for future changes in ANSI standards.

We provide for authentication of data encoded on the card's magnetic stripe and PIN offset, and the PIN controls listed in listed in Chapter IX, Security, of the Quest EBT Operating Rules, in the USDA FNS Operating Rules for WIC EBT, and conform to ISO 9564. EPPIC reads the card authentication value from the card but performs PIN verification functionality centrally, at the host, rather than relying on PAN and PIN offset information encoded on the card's magnetic stripe. Table V-16 shows the communications security and encryption measures that EPPIC applies to all PINs.

Table V-16. PIN Security Measures

PIN	Security and Encryption
PIN Display	***PINs appear as asterisks on any display screen, so that they are never readable when entered on a POS, Administrative Terminal, web portal, or other device.***
PIN Storage	***The PIN is stored in the database in encrypted form. The key used to encrypt the PIN in the database is different from the key used to decrypt the PIN sent from the POS or other devices. No individual, including the system administrator, is able to view the PIN in clear text form.***
PIN Verification	***Before EPPIC verifies a PIN, it validates the processor and terminal. Then the PIN is decrypted using the shared session, or working, key with the processor or terminal. The PIN is encrypted again with a different key for verification against the encrypted form of the PIN in the database.***
Key Management	***To mandate the highest level of key security, EPPIC employs procedures and mechanisms to minimize the risk of cryptographic keys being compromised during creation, transmission, loading, storage, administration, and destruction, including the use of a pseudo-random process to generate each key and key component. We maintain dual control by warranting that no single person has access to all parts of an encryption key.***
Encryption	***The key used between EPPIC and a processor or POS is unique. EPPIC shares with a processor or POS a master key encryption key (KEK) used for exchanging the session, or working, that in turn encrypts and decrypts the PIN. EPPIC supports the ANSI standard DES encryption for PIN encryption. The security service manages this encryption, which is easy to update in the event that a new ANSI encryption standard is adopted in the future. The PIN is encrypted in the database using a different key from the PIN transmission. For web-based traffic, EPPIC supports strong encryption at 512-bit key length, using secure HTTP and secure socket layer encryption protocols.***

3.4.1.3 Communication Access Controls – The EBT contractor shall provide for communication software to control access to the EBT system. Such communication software controls shall ensure that access to the EBT system is strictly controlled. The EBT contractor shall include software controls for the PIN selection devices located at local offices/clinics. Communication access control software shall provide for the following capabilities:

A. User Identification and Authentication – The EBT system shall require unique identification from each user to access the system. Access to

the databases, transactions and programs shall be restricted to those personnel needing access to such data to meet professional responsibilities. The security system shall provide the capability to identify authorizations of individual users and unauthorized users. The security system shall support the immediate deletion of users no longer authorized by the Programs' management staff.

B. Discretionary Access Controls – The security system shall use identification and authorization data to determine user access to information and level of information accessed. The security system shall provide the Programs' management staff with the capability to specify who (by user or type of user) may have access to system data.

C. System Access – The security system shall provide an audit trail of access to the system and maintain and protect such records from modification, unauthorized access and destruction. The EBT systems will allow changing passwords in an on-line environment.

D. Transaction Communications – The EBT contractor shall provide controls to ensure that EBT transaction communications are safeguarded and only processed from authorized terminals/applications. The EBT contractor shall have the ability to perform error checking of transmitted data. The EBT contractor shall provide a configuration layout showing complete end-to-end details of the telecommunications and automated information system(s) as part of the EBT system. This should include all hardware components required to support communication access controls.

EPPIC strictly controls and monitors all communication access by users, entities, and devices interfacing with the EBT system and network, including software controls for the PIN selection devices in place at local offices/ clinics. Any and all access privileges must be authorized and established prior to granting access. Software access controls include user identification and authentication, role-based access controls, system access and audit controls, and transaction communications, which are described in the remainder of this section.

User Identification and Authentication

We enforce strict security measures for user identification. All EBT Connect and WIC Connect solution users requiring access to the system in any capacity, including cardholders, State and federal personnel, and Conduent employees, are identified and authenticated within the system as authorized users prior to gaining access to the system. Cardholders' EBT cards and PINs serve as their user identification and are protected by encryption. PIN displays are masked with asterisks in all instances. All other users are assigned a unique user identification and password combination by a security administrator that allows them to access only those databases, transactions, or program functions they are authorized to use in meeting their professional responsibilities.

Authentication data is strictly protected, as it is available only to authorized users. EPPIC's security system provides the capability to identify authorizations of individual users, and to deny access to unauthorized users. EPPIC monitors all system access and supports a lock-out threshold for excessive invalid access attempts.

Users no longer authorized by the State can be disabled immediately in real time through the security management function on the Administrative Terminal by the Programs' management staff. EPPIC can also be configured to automatically disable and report inactive users.

Discretionary Access Controls

Our EBT Connect and WIC Connect solutions use role-based identification and authorization data controls to manage user access to information and the level of information the user is permitted to access. As users are granted access, they are assigned specific user roles based upon the requirements of their daily work.

Your EBT Programs' management staff can authorize users and assign roles through the Administrative Terminal. Once users' system access privileges are established, they can access only the specific State program data as defined by the assigned role. Unless authorized, users have no way of accessing restricted data.

We work with you during the JAD sessions to define user access specifications to meet individual job-related data access requirements.

System Access

EPPIC builds a system access audit trail by capturing the origin, user ID, and date and time for each transaction. All system activity is tracked, including every log-on, log-off, and password change. The audit trail is protected from alteration and unauthorized access. The State can access the standard Administrative Activity Report at any time, which details user(s) activity based on identity.

Transaction Communications

EPPIC automatically checks all communications against its registry of authorized EBT POS terminals and authorized users to confirm that communication of transactions, account maintenance activities, and other data come only from authorized terminals or users. Also, EPPIC's communications message validation protocol performs error checking of transmitted data, including checks for message completeness, correct file and field formats and control, and authentication measures. The transaction messages EPPIC receives from TPPs and POS terminals represent the most important data flow for your EBT Programs.

Since the system processes over four million of these transactions each day, and because the messages must convey accurate data in a consistent format, we designed EPPIC to use an EBT-specific version of ISO 8583, the industry standard for financial card transaction messages. Using this standard eliminates the need for re-mapping or translating messages among formats and, because message errors are easy to detect, message validation is a routine security procedure for each transmission.

Software to Monitor Communications Access

Our intrusion detection system monitors all network devices, servers, and peripheral elements for suspected malicious activity and stores the logs for a minimum of 90 days. Should suspicious activity be detected, alerts are sent to the 24-hour EPPIC24 support group to determine if further network personnel should be notified. All logs are monitored in real time, 24/7/365.

Communications Message Validation

As noted, EPPIC provides the required control edits for message completeness, file and field formats, and control and authentication measures. Comprehensive transaction security measures validate and safeguard new data communicated to the system during transactions.

All messages are transmitted across secure communications lines and links. Nevada Operations of Multi-Automated Data Systems (NOMADS) to EPPIC connectivity resides on an independent wide area network (WAN) maintained internally by the Network Support Team at the primary data center. The WAN provides connectivity to the EPPIC system environment for the primary data center, backup data center, acquirers/TPPs, State offices, partners, and other authorized external cardholders. Network services are provided by both Sprint and Level 3 Communications, which act as primary and backup links.

Only authorized customers through the specific network connections assigned can access the network. State EBT network connections are through a dedicated MPLS framework. All MPLS connections are redundant to each location. MPLS is an international telecommunications standard for transmitting voice, video, and data over digital lines. MPLS offers a highly scalable and available solution to connecting two remotes sites. MPLS also can provide Dynamic Multipoint VPN (DMPVPN), which creates an encrypted tunnel between the two sites. In addition, we provide a solution through IP SLA to provide automated failover to the backup data center. When activated, all links will automatically be moved from the primary data center to the backup. This action is transparent to the customer.

Network traffic between sites within the State's electronic disbursement environment is transmitted through WAN routers. The routers are not connected to public networks such as the internet. User access to the routers is controlled by access lists maintained by Terminal Access Controller Access-Control System (TACACS), an access control application that provides router security services, including authentication and auditing. Public network connections are filtered by a Cisco ASA firewall.

Routers and firewalls use Simple Network Management Protocol V3 (SNMP) to facilitate network management functions such as performance monitoring and remote configuration. To access SNMP-enabled devices, a password in the form of a "community string" is required. We have changed the default community strings for network devices. These devices are under dual control by the security and systems teams. All production environments have independent user and system access administration and two-factor authentication.

Configuration Layout

The EPPIC system overview diagrams, presented in our response to RFP Section 3.2, Technical Requirements, depict the overall telecommunications network connecting the State to EPPIC for both SNAP/TANF and WIC services, respectively. The overview identifies the various communication paths used to provide redundant telecommunications using different carriers to all parties. As part of the Detailed Technical Specification Document (DTSD) required in RFP Section 3.2.3, Detailed Technical Specification Documentation, we submit a final configuration layout that shows the complete end-to-end details of the proposed telecommunications and automated information system(s) as part of the EBT system. At a minimum, this includes hardware components that the State would use in support of communication access controls.

3.4.2 EBT System data shall be protected to ensure that system and confidential information shall not be disclosed for unauthorized purposes. Such data security controls shall include, at a minimum, the following:

System security includes protecting system data to safeguard that system and confidential information is never disclosed for unauthorized purposes. We never provide any state, local agency, or federal agency access to system data without advance approval from the State. Details of the processes and methods for ensuring system data protection are described throughout the remainder of this section.

3.4.2.1 Programs' Administrative Staff Access – The EBT contractor shall ensure that designated users shall grant access is only to those areas authorized by the user's security profile.

Using EPPIC, program security personnel uses identification and authorization data to determine user access to information, as well as the level of information each user can access. As each user is granted access, they are assigned a specific user profile based upon the requirements of his or her job. This user profile structure allows you to assign to each user both a job function type and a specific role within that type. Consequently, even the slightest security differences among users' job functions for maximum flexibility and control over system access can be enforced. Users no longer needing access are easily removed from the system. Once users' system access privileges are established, they can access only the highly specific EBT data and functions related to their duties. Unauthorized users have no way of accessing restricted data or system functionality. You have the power and ability to determine who and what can be accessed.

3.4.2.2 Local Office/Clinic Access - The EBT contractor shall ensure that designated users shall be granted access only to those areas authorized by the user's security profile.

Designated local office and clinic users shall be granted access only to those areas authorized by the program security personnel as explained in our response to RFP Section 3.4.2.1, Programs' Administrative Staff Access.

3.4.2.3 Disclosure of Information and Data – Any sensitive information made available in any format shall be used only for the purpose of carrying out the provisions of this RFP.

Privacy and confidentiality are of crucial importance to the State and Conduent. For this reason, sensitive information such as eligibility and benefit-related data are only used to carry out the terms of the contract and are strictly guarded. Information contained in such material is not divulged or made known in any manner to any person except as may be necessary in the performance of this contract. Physical access to sensitive materials is restricted through controlled access to operating facilities and file rooms. Private information is accounted for upon our receipt and properly stored before, during, and after processing. All related output materials are controlled and given the same level of protection as the original source material.

3.4.2.4 Data Destruction – The EBT contractor shall provide for the destruction of magnetic media or deletion of information from magnetic media when no longer required. The methodology for data or media destruction shall be approved by the State.

We delete information from magnetic media, or destroy the media itself, in accordance with State-approved timeframes and methods. We do not anticipate extensive use of magnetic media for transmittal of program-related information, because all reports and archives remain available online to authorized personnel for a minimum of three years and available as needed to authorized personnel for the life of the contract. Data destruction methodologies meet or exceed the Guidelines for Media Sanitation of the National Institute of Standards and Technology (NIST) 800-88.

3.4.2.5 Separation of Duties – The EBT contractor shall provide adequate internal controls through separation of duties and/or dual control for the functions of card and PIN issuance, system administration and security administration. This includes the separation of operations from control functions (such as reconciliation controls, account set up, benefit authorization and settlement authorization).

Adequate internal controls are provided through the separation of duties and/or dual controls for your three EBT Programs including:

- ***Card and PIN issuance***
- ***System administration***
- ***Security administration***

This includes the separation of operations from control functions such as:

- ***Reconciliation controls***
- ***Account setup (and maintenance)***
- ***Benefit authorization***
- ***Settlement authorization***

Individual users established in the system are provided access only to the specific subsystems and functions needed to perform their job functions. This separation of duties prevents accidental or fraudulent misuse of sensitive information related to system or security administration, account setup and maintenance, card and PIN issuance, benefit or settlement authorization, or reconciliation. Functions that affect a cardholder's account or balance are particularly sensitive because misuse of EBT financial data can result in loss or misallocation of funds. These functions include account setup, benefit authorization, settlement authorization, crediting or debiting of accounts, updates to account records, and crediting retailer bank accounts. As a security measure for these and similar functions, duties are segregated as much as possible to reduce an individual's level of system access to the minimum needed to perform their job functions. Segregation of duties is enforced functionally by management and technically through detailed access control measures.

3.4.2.6 Back-up and Contingency Operations – The EBT contractor shall provide for backup procedures to ensure the continuation of operations in the event of a temporary disruption or disaster.

The goal of backup and contingency procedures is to provide the continuation of operations in the event of a temporary disruption or disaster. Built-in redundancy in the EPPIC architecture allows for seamless failover in the event of a failure in a piece of equipment or even an entire data center. Data and system activity is maintained current in real time on both the co-located and remote backup systems, so that in the event of a need to process using a backup system, no data is lost. Rerouting transaction communication traffic to a backup site can be completed quickly, typically within an hour.

All backup and contingency procedures are developed in accordance with the State of Nevada Revised Statute NRS 414 and the Federal Level Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (Public Law 93-288, as amended). As with all recovery actions, including determining system category and stage and establishing recovery point objectives and recovery point times, we coordinate with and work in partnership with you and your staff.

Please see our response to RFP Section 4.9, Project Wide Disaster Recovery and Support, for more information about backup and contingency operations and our full compliance with these requirements.

3.4.2.7 System and Procedural Documentation – An integral component of the EBT contractor's internal control structure is the provision and maintenance of adequate documentation of system and software applications and operating procedures and requirements.

Conduent ensures that contract deliverable system documentation and information about system and software applications and operating procedures and requirements that are required during all project phases are provided, maintained, and updated both electronically and in hard copy to reflect the project's current status during the life of the Nevada EBT Programs. This documentation includes a well-defined section in our Administrative Functions Manuals that describes the security features provided by the system, guidelines on how to use them, and how they interact with one another.

Updates to our documentation incorporate any and all changes from the established baseline and include remedial, enhancing, and conforming changes. As standard practice, we provide updated documentation and manuals throughout the contract term and make them available to the State in advance of implementing system and operational modifications into the production environment.

3.4.2.8 System Modification and Tampering Controls – The mechanisms within the application which enforce access controls shall be continuously protected against tampering and/or unauthorized changes.

EPPIC's built-in access controls and security measures are designed to limit access based on each unique user's need for access and to provide audit trails of user activities. Only specifically authorized personnel have the ability to make system changes that affect access controls or any other aspect of the system. Since these changes entail modifications to the EPPIC software itself, they are subject to a rigorous control and tracking process to protect against tampering and/or unauthorized changes.

Daily maintenance of electronic security is the responsibility of the lead system administrator, lead network administrator, and the operations manager for EPPIC. As an additional security measure, system modifications, whether hardware, network, or software modifications, require prior security approval and, in some cases, change management approval. Procedures are designed to limit system access to authorized users only. Duties are segregated as much as possible to reduce the level and scope of access required by employees to do their jobs. Access privileges of employees that are to be terminated are removed before the employee is notified.

Audit trails are in place to provide additional system security. EPPIC tracks all root-level activities on the servers and keeps detailed records. EPPIC also runs file-monitoring software that keeps track of all changes to all critical files such as password files, configuration files, and the audit trail files.

EPPIC supports authentication, integrity, and non-repudiation. Its numerous features provide a means to monitor activities in the system, safeguard data transmissions, and make certain that the system is accessed only by authorized personnel. Non-repudiation is provided in EPPIC through extensive audit logging, including user-level access auditing. Every action performed by an authenticated user is logged in the database. As the logging is also part of a distributed transaction, the audit trail is duplicated on multiple databases and disks. This data is stored in a relational database and is easy to retrieve and analyze.

Software programming changes require planning, approval, programming, testing, and implementation efforts by a team of individuals. These changes can affect system function for Conduent and State users, so we maintain a carefully coordinated process for planning, tracking, and implementing software changes. To track the change process and require detailed control from start to finish, we use IBM Rational Team Concert (RTC). RTC offers an integrated environment which enables source code control, defect tracking and other work item management, build management, and reporting. Personnel and management involved in software changes are able to follow every step until the change is complete. The transparency of the method to all involved personnel comprises a level of security for the change process that exceeds that of a basic dual-control process.

3.4.2.9 It is the expectation of the State that the EBT contractor will rely on Electronic Funds Transfer (EFT) industry standards and convention in ensuring a secure EBT environment. See ***Appendix A: System Administrative Functionality.***

As noted, the system of internal controls we use to manage risks to your three EBT Programs and our overall EBT operations is based on EFT industry standards. The specific security controls we use are integral to every aspect of the EBT Connect and WIC Connect solutions and include administrative, physical, technical, and system controls. These controls are built into every element of hardware, software, data transmission, transaction management, personnel access control, and card and PIN distribution. They include separation of duties and/or dual control for the functions of card and PIN issuance, system administration and security administration, as well as separation of operations from control functions such as reconciliation controls, account set-up, benefit authorization, and settlement authorization. Our staff and our subcontractors adhere to a rigorous security program for the life of the contract.

We maintain a complete, current, and expert understanding of EBT and WIC statutory and regulatory requirements, including the planning requirements contained in FNS Handbook 901, as well as prevailing industry standards for all human services, workforce, and public health operations. We also have reviewed RFP Appendix A, System Administrative Functions, and will provide the administrative functionality required.

3.4.3 System must meet State security standards for transmission of personal information as outlined in Nevada Revised Statues (NRS) 205.4742 and NRS 603A.

Our security program is fully integrated throughout every aspect of EPPIC, the EBT Connect and WIC Connect solutions, and program operations including every element of hardware, software, data transmission, transaction management, personnel access control, card distribution, and personal identification number (PIN) selection and management. It encompasses the administrative, physical, technical, and system controls necessary to meet Nevada Revised Statues (NRS) 205.4742 and NRS 603A.

3.4.4 Protection of sensitive information will include the following:

We acknowledge that the protection of sensitive information is critical and we will meet the requirement as described in the following subsections.

3.4.4.1 Sensitive information in existing legacy applications will encrypt data as is practical.

Encryption of data, both in transit and in storage, provides a level of security for your data that is second to none in the industry. Sensitive information in existing legacy applications is encrypted as is practical.

3.4.4.2 Confidential Personal Data will be encrypted whenever possible.

We transmit and receive encrypted confidential data to and from the State over a secure, private connection or a public network protected by strong encryption, using SSL 128-bit Rel-3 and AES 128 bit encryption as minimum encryption standards. Further, we provide decryption information as required and collaborate with the State to warrant that transmissions are mutually authenticated through a strong authentication method.

3.4.4.3 Sensitive Data will be encrypted in all newly developed applications.

We acknowledge and concur that sensitive data in all newly developed applications will be encrypted.

3.4.5 All information technology services and systems developed or acquired by agencies shall have documented security specifications that include an analysis of security risks and recommended controls (including access control systems and contingency plans).

We are committed to providing the highest level of comprehensive security measures for the State of Nevada and to having documented security specifications that include an analysis of security risks and recommended controls for your services and systems.

Please see our response to RFP Section 3.4.1, EBT System Security and RFP Section 3.4.2.6, Back-up and Contingency Operations, for more information.

3.4.6 Security requirements shall be developed at the same time system planners define the requirements of the system. Requirements must permit updating security requirements as new threats/vulnerabilities are identified and/or new technologies implemented.

Nevada's System Security Plan will be discussed during the JAD sessions and will be developed at the same time as system requirements are defined. The plan will detail the administrative, physical, technical, and system controls to be implemented and describe in detail the roles and responsibilities of Conduent, the State, and all subcontractors in maintaining security.

The plan describes the system security design to protect the system and its resources from unauthorized modification, disclosure, and destruction and is updated as new threats/vulnerabilities are identified and/or new technologies are implemented.

General areas that are covered within our System Security Plan include:

- ***Physical site security***
- ***System data security***
- ***System application security***
- ***Cooperation in inspections and audits***
- ***Periodic risk analyses***
- ***Contingency planning***

3.4.7 Security requirements and evaluation/test procedures shall be included in all solicitation documents and/or acquisition specifications.

We take our responsibility to ensure the security of all aspects of your system and data very seriously and have included security requirements and evaluation/test procedures in our response where applicable.

3.4.8 Systems developed by either internal State or contracted system developers shall not include back doors, or other code that would cause or allow unauthorized access or manipulation of code or data.

We warrant that any systems developed internally or by contracted system do not include backdoors or other code that would cause or allow unauthorized access or manipulation of code or data.

3.4.9 Security specifications shall be developed by the system developer for approval by the agency owning the system at appropriate points of the system development or acquisition cycle.

Security specifications will be developed and reviewed during JAD sessions and approved by the agency owning the system at appropriate points of system development or acquisition cycle.

3.4.10 All system development projects must include a documented change control and approval process and must address the security implications of all changes recommended and approved to a particular service or system. The responsible agency must authorize all changes.

Changes to system and software documentation, both physical and logical, are incorporated into our standard change control process, so that there is updated documentation reflecting any changes moved into the production environment. We acknowledge that the responsible agency must authorize all changes.

Please see our response to RFP Section 5.11, Configuration Management, for more information about our change control and approval process.

3.4.11 Application systems and information that become obsolete and no longer used must be disposed of by appropriate procedures. The application and associated information must be preserved, discarded, or destroyed in accordance with Electronic Record and Record Management requirements defined in NRS and NAC 239, Records Management.

We agree that any application systems and information that become obsolete and are no longer used will be preserved, discarded, or destroyed in accordance with Electronic Record and Record Management requirements defined in NRS and NAC 239, Records Management.

3.4.12 Software development projects must comply with State Information Security Consolidated Policy 100, Section 4.7, Software Development and Maintenance and State Standard 131, "Security for System Development."

We acknowledge that all software development projects will comply with State Information Security Consolidated Policy 100, Section 4.7, Software Development and Maintenance and State Standard 131, "Security for System Development."

3.4.12.1 Separate development, test and production environments must be established on program systems.

Separate development, test, and production environments are standard and are established for your programs. The following is a list of environments used for your EBT Programs and the stakeholders that use each environment.

- ***Development Test Environment.*** ***The development test environment mirrors the quality assurance (QA) test environment with the exception that development unit testing and access is limited to the development staff.***
- ***Quality Assurance Test Environment.*** *This environment* ***mirrors production in terms of application, database, and software. Production data is not stored in the test environment due to security and Payment Card Industry (PCI) audit concerns. Although EBT is not required to adhere to PCI standards, our facilities are required to be PCI-compliant.***
- ***Production Environment.*** ***Only authorized users that support the system are allowed direct access to the system***

3.4.12.2 Processes must be documented and implemented to control the transfer of software from a development environment to a production environment.

Conduent's application development units implement and use a well-documented process to ensure:

- ***Workers with access to application source code do not have privileges to move the results of their work to test or production environments.***
- ***Administrators responsible for moving application source code or programs from one environment to the next have no access privileges to the file contents being moved.***
- ***Separate access controls exist among the requestor (usually the programmer), the approver (usually a manager), and mover (usually a system or database administrator) for all moves into production.***
- ***Application source code or programs move only forward from development to test, and test to production.***

3.4.12.3 Development of software and tools must be maintained on computer systems isolated from a production environment.

As noted in our response to RFP Section 3.4.12.1, Separate Development, Test, and Production Environments, the development of software and tools are maintained on systems isolated from the production environment.

3.4.12.4 Access to compilers, editors and other system utilities must be removed from production systems.

Access to compilers, editors, and other system utilities are removed from the production systems.

3.4.12.5 Controls must be established to issue short-term access to development staff to correct problems with production systems allowing only necessary access.

Best practices and our policies dictate that developers are never granted administrator access to production systems. In the event they need to correct a production issue, temporary access is granted and monitored.

3.4.12.6 Security requirements and controls must be identified, incorporated in and verified throughout the planning, development, and testing phases of all software development projects. Security staff must be included in all phases of the System Development Lifecycle (SDLC) from the requirement definitions phase through implementation phase.

As security is a basic tenet for Conduent. Security requirements and controls are identified, incorporated, and verified throughout the planning, development, and testing phases of all software development projects. Furthermore, security staff is included in all phases of the System Development Lifecycle (SDLC) from the requirement definitions phase through implementation phase.

3.5 CERTIFICATION AND EXAMINATION

As an integral component of the EBT contractor's EBT System Security, the EBT contractor shall provide the State of Nevada with an annual certification of compliance with banking, EFT (electronic funds transfer), EBT and other regulations and requirements relating to the EBT application. The annual requirement should be considered a normal cost of doing business for the EBT contractor. The annual self-certification and examination requirements shall be applicable to the EBT contractor and any organization(s) with which the EBT contractor has contracted for the performance of EBT related services (subcontractors). It shall be the responsibility of the EBT contractor to

provide annual certification or compliance with EBT program specific and related banking requirements of any contracted entities. Such certification of contracted entities shall also be subject to independent examination and validation. The certification by the EBT contractor for the State shall include certification for the EBT contractor entity and any contracted entities' compliance with EBT program specific requirements and banking regulatory requirements related to the EBT application.

Bringing Benefits and Meeting Objectives

- ***For nearly half a century, we have been managing human services and related programs on behalf of states where confidentiality, privacy, and security of personal and financial information are essential to successful operations and administration. We make sure your data is secure.***
- ***Our proven past and current compliance with State and USDA FNS EBT and WIC program rules, regulations, and guidelines along with industry standards such as American National Standards Institute (ANSI), the International Organization for Standardization (ISO), National Automated Clearing House Association (NACHA), and Quest Operating Rules, assures that your three EBT Programs are both properly administered and operated at optimum performance levels.***

With Conduent, Nevada is assured of a system that adheres to all State, federal, and industry guidelines from the basic to highly complex data transmissions and financial transaction processing requirements. As part of our EBT security program, we conduct audits on EBT operations on an annual basis. These audits encompass certification and examination activities that monitor the consistency and reliability of our security protocols. Self-certification indicates that we are compliant with banking, EFT, EBT, and other regulations and requirements relating to the EBT application as documented. This documentation is provided to the State as requested. We have historically conformed to all EBT and credit card industry standards, FNS requirements and guidelines, internal security guidelines, and Quest operating rules. The annual self-certification reports are provided to the State upon completion. We consider the costs to maintain these certifications to be a normal cost of doing business.

In addition to compliance with those standards, Conduent is currently certified as a Compliant Service Provider under the requirements established by Visa and MasterCard through the Cardholder Information Security Program (CISP) and PCI standards, two of the most exhaustive standards for financial processing systems in the industry. These certifications encompass the testing of all software functionality, as well as the validation of data security, facility access and controls, and network monitoring tools.

We include our own operations and the EBT-related services of our subcontractors within the annual self-certification and examination efforts. Just as we extend security measures to include the management and control of subcontractor responsibilities, we also include subcontractors in both internal and independent audits related to compliance with EBT program specific requirements and banking regulatory requirements related to the EBT application. Any subcontractor whose role in Nevada's three EBT Programs is included in EBT review guidelines undergoes audits alongside Conduent. Any certification of subcontractors also is subject to independent examination and validation. We provide an annual written certification confirming that we are in compliance with applicable banking regulatory requirements and EBT program specific requirements. We provide all subcontractor-related compliance documents to the State as well.

Our Nevada WIC program uses the most current and approved versions of all documents available on the USDA FNS WIC website. These documents help form the basis for the certification components. WIC Connect conforms to the most recent versions of the:

- ***Technical Implementation Guide (TIG) (Dated September 2012 or the most recent version at the time development begins). FNS document that explains "How" to validate specifications and certifications for WIC EBT programs. The TIG encompasses all the American National Standards Institute (ANSI) X9.93 Part 1 – Messages and Part 2 – Files for WIC EBT standards.***

- ***WIC Universal MIS-EBT Interface (WUMEI).*** ***This document forms the basis for the Interface Control Document (ICD), which defines how WIC EBT and the WIC MIS interface and communicate with each other.***
- ***Operating Rules WIC EBT (Dated September 2014 or the most recent version at the time development begins).*** ***FNS document that explains "what" is to be done to standardize on a national basis the requirements for WIC EBT processing in the checkout lane.***

3.5.1 The EBT contractor shall provide an annual written certification stating that it is in compliance with applicable banking regulatory requirements and EBT program specific requirements. The following lists the EBT program specific requirements that shall be addressed in the EBT contractor self-certification of compliance:

As noted, we provide an annual written certification that Conduent and our EBT subcontractors comply with all applicable banking regulations and EBT program specific requirements. Annually and upon request by Nevada, we provide copies of annual audits of the Conduent data processing, operations, disaster recovery, and all other security features of your EBT Programs.

As detailed in the following subsections, we respond to any inquiries related to the SSAE-16 audit report from the State, USDA, or their duly appointed representatives. It is important to note that Conduent has successfully participated in multiple audits relative to our EBT system processes conducted under the requirements of SSAE-16 (and predecessor SAS 70) without receiving a single significant finding.

3.5.1.1 Banking and Financial Service Rules – The EBT contractor must comply with banking, EFT and other financial services industry rules that relate to the EBT application. The EBT contractor certification of compliance shall include banking, EFT and financial service industry rules to the extent that such rules govern aspects of EBT system operations.

Our two decades of experience as an EBT contractor demonstrate our thorough knowledge of all relevant FNS, banking, and EFT regulations. As EBT programs combine transaction processing with government agency administration, special security procedures are necessary to preserve the integrity of both. We maintain in-depth operational knowledge of federal code 7 CFR 274.12(i)(3), which provides policies and guidelines for fraud prevention and overall physical and system security. Moreover, EPPIC's built-in security features are designed to meet guidelines in 7 CFR 277.18(m), which calls for comprehensive security guidelines for automated data processing and data retrieval systems used to administer SNAP funds. USDA FNS EBT System Security Guidelines guide our approach to security on all our EBT and WIC EBT programs. By applying these national rules as the basis for our security efforts, our approach is a model for the handling of sensitive information.

As noted in the previous sections, we certify our banking process meets all EFT and federal regulations, and complies with banking procedures and practices. As standards change or are added, we modify EPPIC accordingly. We work closely with your security personnel to make sure that all aspects of both system and process security are as secure as possible.

3.5.1.2 Nevada EBT Program Rules – The EBT contractor shall comply with the specific benefit program level requirements. For EBT programs that do not have specific written requirements for participation in the EBT program, the EBT contractor shall comply, as applicable, with the existing program level requirements and with benefit level requirements as promulgated by the administering agency. EBT programs have written requirements specifically for participation in the EBT program:

A. WIC Federal Regulations 7 CFR §, Part 246 and the WIC Universal Interface Functional Requirements;

B. USDA Food and Nutrition Service Final Rule 7 CFR § Parts 272, 274, 276, 277, and 278;

C. Internal Control and Physical/Personnel Security Requirements – The EBT contractor is subject to the control and security requirements of this RFP and the components of its individual EBT Security Plan.

We comply with all Nevada specific benefit program level requirements. For EBT programs that do not have specific written requirements for participation, we will comply with the existing program level requirements promulgated by the administering agency. As required, we comply with WIC Federal Regulations 7 CFR §, Part 246 and the WIC Universal Interface Functional Requirements as well as USDA Food and Nutrition Service Final Rule 7 CFR § Parts 272, 274, 276, 277, and 278.

With respect to Internal Control and Physical/Personnel Security Requirements, Conduent complies with EBT program-specific control and security requirements as required in the RFP, and as described in our EBT Security Plan that is approved by the State. This includes successful performance of all Security Plan components—i.e., that security provisions are sufficient to safeguard and protect all public funds administered through the EBT system. And as noted in our response to RFP Section 3.4, Security Standards, Conduent and subcontractor personnel access is limited by responsibility. Access of systems and facilities by employees are continually monitored. Employees are trained, held accountable and attest to the important of confidentiality of data.

3.5.1.3 Self-certification requirements include:

A. Evaluation of Compliance – The EBT contractor shall accept responsibility for and provide an evaluation of its compliance with the EBT program and specific requirements, compliance with applicable regulatory requirements and an assessment of the effectiveness of the internal control structure in ensuring proper safeguards for the administration of public funds.

B. Certification of Compliance – The EBT contractor shall provide to the State a written certification of compliance with the EBT program specific requirements and applicable bank, EFT and financial services industry requirements related to the EBT application. The EBT contractor shall explain how such determination of compliance was made, including bank examination, audit and internal review. It is the expectation of the State that the EBT contractor will utilize the results of current bank examinations, audits and reviews to ensure certification of compliance.

C. Internal Control – The EBT contractor shall certify that it has properly administered all components of the EBT Security Plan and that such controls provide reasonable assurance that public funds administered through the EBT system are properly safeguarded and protected. The EBT contractor shall describe how such certification was made.

We conduct both internal audits and external SSAE 16 audits of our EBT operations. We understand and accept the State's self-certification requirements as described in the following paragraphs.

Evaluation of Compliance. ***We accept responsibility for and provide an evaluation of our compliance with the EBT program and specific requirements, compliance with applicable regulatory requirements and an assessment of the effectiveness of the internal control structure to ensure the proper safeguards for the administration of public funds.***

Certification of Compliance. ***We also provide the State with a written certification of compliance with EBT program specific requirements, including applicable banking, EFT, and financial services industry requirements related to the EBT application. This includes, in accordance with Nevada's requirement, an explanation of how the determination of compliance was made, including bank examinations, audits, and internal reviews, and how the results of those reviews and examinations certify compliance.***

Internal Control. ***Conduent certifies successful and proper performance and administration of all EBT Security Plan components, ensuring that security provisions are sufficient to safeguard and protect all public funds administered through the EBT system. Certification is accompanied by a description of how certification was made. It is important to note that we evolve and constantly improve our processes and systems by monitoring industry trends and best practices, and by applying new knowledge and tools to stay current in dealing with potential threats.***

3.5.2 Annual Attestation Engagement requirements include:

We maintain detailed knowledge of all regulations and perform internal and external audits to ensure our compliance with State and federal certification requirements. Our specific Annual Attestation Engagement activities are described in the following four subsections.

3.5.2.1 The EBT contractor and any subcontractor(s) shall arrange for the performance of an annual attestation engagement of the State's EBT systems by an independent auditor acceptable to the State. The purpose of this engagement is to ensure that the certifications of compliance and internal controls provide reasonable assurance and any disclosures of exceptions or qualifications made by the EBT contractor are proper and complete. A written report of this engagement is required and must be sent to the Project Management Team together with the self-certification statements. The engagement shall be performed in accordance with the guidance in Government Auditing Standards issued by the Comptroller General of the United States for a financial audit, specifically, Statements on Standards for Attestation Engagements No. 16 (SSAE 16), Service Organization Control (SOC1). SSAE 16 is applicable to the EBT annual engagement in that it addresses the attestation requirements to examine management's assertions of compliance and internal controls.

For further validation, we engage an annual attestation engagement of the State's EBT systems, including financial examinations and audits by an independent auditor acceptable to the State. This engagement ensures that our certifications of compliance and internal controls provide reasonable assurance, and that any disclosure of exceptions or qualifications Conduent makes are proper and complete. We send a written report of this engagement to the State's Project Management Team together with the self-certification statements. This report, which accompanies our Certification of Compliance statement, will certify the accuracy of our statement, including the aforementioned disclosures of exceptions and qualifications.

Our annual engagements are performed in accordance with the guidance in Government Auditing Standards issued by the Comptroller General of the United States for a financial audit, specifically, Statements on Standards for Attestation Engagements No. 16 (SSAE 16), Service Organization Control (SOC1). We understand that SSAE 16 is applicable to the EBT annual engagement in that it addresses the attestation requirements to examine management's assertions of compliance and internal controls.

3.5.2.2 Additionally, an engagement in conformance with AICPA SSAE 16, Processing of Transactions by Service Organizations, is required. Conformance with updates to the SSAE 16 or possible future comparable SAS requirements is also required. The engagement should culminate in a report on the policies and procedures placed in operation and tests of the operating effectiveness of the State's EBT systems. Each report shall be submitted within 30 calendar days of the State's fiscal year end.

A. SNAP Benefit Restrictions

As a food assistance program, the use of SNAP benefits is restricted to the purchase of eligible food items from FNS authorized food retail locations. The USDA's Office of the Inspector General (OIG), Retailer Investigations Branch, Secret Service, and State or local law enforcement officials are responsible for retailer fraud investigations.

Conduent annually submits to the State, the report of an examination conducted by an independent audit firm to the State in accordance with Federal Regulation 7 CFR 274.1(i)(2). This required examination includes transaction processing relative to the issuance, redemption, and settlement of benefits and follows the requirements of the American Institute of Certified Public Accountants' (AICPA) Statement on Standards for Attestation Engagements No. 16 (SSAE-16). The examination is completed at least annually and covers 12 months of EBT system operations and all the period we provide EBT services to the State. The report is submitted to the State within 30 calendar days of the end to the State's fiscal year. Subsequent examinations cover the entire period since the previous examination.

Upon our receipt of the report, we develop a written report of any exception noted in the SSAE 16 audit report and our response to any such exception. Our response includes:

- ***An assessment of the impact of the noted exception on EBT business in general and on the State's contract in particular***
- ***Our actions and timeframes to correct the situation***
- ***The name and contact information of the Conduent staff responsible for ensuring the accurate and timely completion of any corrective action***

As noted earlier, we have successfully participated in multiple audits relative to our EBT systems processes conducted under the requirements of SSAE-16 (and predecessor SAS 70) without receiving a significant finding.

SNAP Benefit Restrictions

We understand the restrictions on the purchase of eligible food items from FNS authorized food retail locations. Over our 20 years as an EBT contractor, we have taken every opportunity to emphasize to retailers through training and our written and online materials, the importance of following FNS regulations regarding eligible purchases.

We recognize the responsibility of the USDA's Office of Inspector General (OIG), Retailer Investigations Branch, Secret Service and State or local law enforcement to investigate SNAP program retailer fraud. Over the years we have cooperated with investigative agencies to identify fraudulent practices and support the subsequent investigations.

We support the State and USDA FNS in the identification, investigation, and prosecution of fraud through the following standard practices:

- ***Development of official State and federal EBT investigative accounts for testing, auditing, and fraud investigation, including access to our Administrative Terminal where State approved personnel may set up accounts, issue cards, and authorize/remove benefits for SNAP and TANF***
- ***Reports on fraud accounts***
- ***Access to reporting tools and data through our data warehouse, including our optional advanced predictive fraud analytics***

Please see our response to RFP Section 3.2.17, Fraud Detection, for more information about our fraud detection experience, tools, and expertise.

3.5.2.3 The EBT contractor shall authorize the Project Management Team or their representatives to perform audits and /or inspections of its records at any reasonable time during the term of the contract and for a period of three (3) years following the date of final payment under the contract to assure compliance with its terms and/or to evaluate the EBT contractor's performance.

We understand and are in complete agreement that your Project Management Team or your representatives, and USDA FNS have the right to perform inspections, reviews, investigations, and audits of records regarding the performance of your EBT programs. We pledge to cooperate fully with you in these matters. We will maintain books, records, and documents to support that the services provided and fees earned are in accordance with the EBT services contract, and that we have complied with the specified contract terms and conditions.

Upon reasonable notice, we make our records available to your staff, USDA FNS, or their authorized representatives during normal business hours and provide access to all applicable documents, records, reports, personnel, and other appropriate aspects of our EBT systems. The financial records, and any other books, records, and documents pertaining to the contract are available for inspection, audit, or reproduction during the term of the contract and for three years following the date of final payment under the contract.

3.5.2.4 Any amounts that have been paid by the Nevada EBT/Cash Benefit Programs, which are found to be improper in accordance with the terms of the contract, shall be returned to the appropriate Program or may, at the discretion of the State, be returned in accordance with other remedies.

A. The EBT contractor shall permit the State and any other governmental agency authorized by law, or their authorized designee, to monitor all activities conducted by the EBT contractor pursuant to the terms of the contract. Such monitoring may consist of internal evaluation procedures, special analysis, on-site verification, and any other reasonable procedure that does not unduly interfere with contract work.

We concur that any amounts that have been paid by Nevada EBT and Cash Benefit Programs, which are found to be improper in accordance with the terms of the contract, will be promptly returned to the appropriate program or may, at your discretion, be returned in accordance with other remedies.

We permit the State and any other governmental agency authorized by law, or their authorized designee to monitor all activities conducted by Conduent pursuant to the terms of the contract. We understand that monitoring may consist of internal evaluation procedures, special analysis, onsite verification, and any other reasonable procedure that does not unduly interfere with contract work.

Section VI Scope of Work [RFP 10.2.2.6]

REQUIREMENT: RFP Section 10.2.2.6

10.2.2.6 Section VI – Scope of Work

Vendors shall place their written response(s) to Section 4, Project Wide Scope of Work in bold/italics immediately following the applicable RFP question, statement and/or section.

As clarified by Question #110 of Amendment 1, we have only returned the portions of the RFP that require a response. As required, we have placed our written responses in bold/italics immediately following the applicable RFP question, statement, and/or section. As such, our response to Section VI, Scope of Work is presented in RFP Section 4, Project Wide Scope of Work, immediately following this page.

4. PROJECT WIDE SCOPE OF WORK

The following Scope of Work sections, Sections 4.3 through 4.13, define the tasks, activities and deliverables relevant to all three EBT Programs. Unless specified as program specific, these project wide sections of the scope of work address tasks, activities and deliverables to meet the needs of all three EBT programs, WIC, SNAP and TANF. Following the Project Wide Scope of Work sections, Section 4.14 defines tasks, activities and deliverables specific to the needs of the Nevada WIC Programs. Section 4.15 is specific to SNAP/TANF transactions processing and 4.16 is specific to SNAP/TANF specific requirements.

The tasks, activities and deliverables within each Scope of Work section are not necessarily listed in the order that they should be completed. Vendors must reflect within their proposal and preliminary project plan their recommended approach to scheduling and accomplishing all tasks and activities identified within this RFP.

Bringing Benefits and Meeting Objectives
We commit to delivering quality, on-time service to your SNAP, TANF, and WIC EBT Programs. We aim to ease program staff burdens and create a progressive EBT services environment. In short, our goal is to help make it easier to run your programs.

We applaud the State's effort to keep responses to RFP Section 4, Scope of Work, brief and concise. We also support the State's recognition of the many similarities between SNAP, TANF, and WIC EBT Programs and how you have organized the RFP accordingly. As such, our responses address all three EBT Programs for Scope of Work Sections 4.3 through 4.13, including our approach towards meeting the RFP tasks, activities, and deliverables. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

For our response to RFP Section 4.14, Nevada WIC Programs Specific Scope of Work, we provide a high-level overview of our WIC Connect solution for your State WIC and ITCN WIC Programs, while abiding by the limit of five pages per task (i.e., 4.4.1; 4.4.2) as clarified in Question #2 of Amendment 2. In addition, so you have a complete response to the WIC EBT Program requirements, we have included Table VI-16, within our response to RFP Section 4.14, Nevada WIC Programs Specific Scope of Work, that lists each specific scope of work requirement for the WIC EBT Programs and the corresponding RFP Section where you can find additional information pertaining to our WIC Connect solution.

We acknowledge that RFP Sections 4.15, SNAP/TANF Transaction Processing and 4.16, SNAP/TANF Specific Requirements, contain specific requirements for the SNAP and TANF EBT Programs. However, upon our detailed review of the requirements, we found that many of the RFP requirements also apply to the WIC EBT Program as well. In an effort to stay within page limitations of RFP Section 4.14, as noted previously, and to support the State's philosophy of addressing all three programs in RFP Section 4 responses, we describe the WIC Connection solution in RFP Sections 4.15 and 4.16 as well.

We acknowledge that the tasks, activities, and deliverables within each of the following sections may not be listed in the order of completion. We have provided our recommended approach to scheduling and accomplishing all tasks and activities within our Preliminary Project Plans (SNAP/TANF and WIC), which are located in our response to RFP Section IX, Preliminary Project Plan.

4.1 VENDOR RESPONSE TO SCOPE OF WORK

4.1.1 Within the proposal, vendors must provide information regarding their approach to meeting the requirements described within Sections 4.3 through 4.16. The vendors must bid on both provisions of both a system to provide complete EBT services for the Nevada WIC Programs and the EBT and Cash Benefit services for the Nevada SNAP and TANF Programs. Bids will not be accepted from bidders that choose to bid on only one of the two systems.

4.1.2 If subcontractors will be used for any of the tasks, vendors must indicate what tasks and the percentage of time subcontractor(s) will spend on those tasks.

4.1.3 Vendor's response must be limited to no more than five (5) pages per task not including appendices, samples and/or exhibits.

Bringing Benefits and Meeting Objectives

Our response to RFP Section 4, Scope of Work is kept brief and concise, addresses all three programs (SNAP, TANF, and WIC), describes our subcontractors and the expertise they provide, and demonstrates how we can take the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project to new heights in delivery capabilities, responsiveness, ease of use, and reliability.

As we demonstrate throughout our response to RFP Section 4, Scope of Work, our approach supports the State's intentions for responses to be related to all three EBT Programs, includes descriptions of our subcontractors and their services, and supports the State's request for brevity.

Approach to Meeting Requirements

As noted previously, throughout our response to RFP Section 4, Project Wide Scope of Work, we provide information regarding our approach to meeting the requirements for the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project relevant to all three of your EBT Programs (SNAP, TANF, and WIC). Specifically for RFP Sections 4.4, Planning and Administration through 4.15, SNAP/TANF Transaction Processing, we respond to the defined objectives, activities, and deliverables.

We are bidding on both provisions of the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project which includes:

- ***EBT and Cash Benefit Services for the Nevada SNAP and TANF Programs***
- ***EBT Services for the Nevada WIC Programs***

Subcontractor Involvement

As clarified in Question #16 in Amendment 1, we have included a list of our subcontractors and the functions that they will perform for this procurement. Each of our subcontractors' resources and time will be allocated to meet their assigned functions for your three EBT Programs.

The State can feel confident that Conduent will be preforming the majority of the work associated with the Nevada EBT and Cash Benefit System Project. We estimate that over the life of the contract, Conduent will perform a minimum of 75 percent of the services requested in the RFP. We estimate CDE Solutions, Inc. at 5 percent, Contact Solutions, LLC at 10 percent, and Fiserv Solutions, LLC at 10 percent of the total contract work effort.

Our subcontractors will be 100 percent engaged throughout the life of the contract. Their involvement will vary depending on the phase of the project (i.e., during Implementation and/or during Operations). As such, we provide an estimate of our subcontractors' percentage of time of their total work effort they'll spend during these two phases in Table VI-1.

Table VI-1. Subcontractor Involvement

Subcontractor	Tasks Assigned	% of Total Contract Work Effort	Distribution of Subcontractor Work Effort	
			% During Implementation	% During Operations
CDE Services, Inc. (CDE)	CDE will provide POS equipment management, maintenance, installation, and training for your three EBT Programs.	5%	90%	10%
Contact Solutions, LLC (Contact Solutions)	Contact Solutions will provide IVR services for your three EBT Programs.	10%	80%	20%
Fiserv Solutions, LLC (Fiserv)	Fiserv will provide card production and fulfillment services for your three EBT Programs.	10%	90%	10%

Please see our response to RFP Section 5.2, Subcontractor Information, for more information on each of these subcontractors.

Five Page Limit

As required and as clarified in the answer to Question #2 of Amendment 2, we have limited our RFP response to no more than five pages per task (i.e., 4.4.1, 4.4.2), not including appendices, samples, and/or exhibits.

Due of the required brevity of responses to RFP Section 4, Scope of Work, we do not go into exhaustive detail responding to individual requirements line by line in response to the Scope of Work. Rather, we demonstrate our compliance with a statement for each "Activities" subsection, followed by how we meet the requirements for the State. We also take this opportunity to state that we can meet all of your requirements for the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project as described in RFP Section 4, Scope of Work. We look forward to answering any questions you may have about our Connect solutions for EBT and WIC.

4.2 DELIVERABLE SUBMISSION AND REVIEW PROCESS

Once the detailed project plan is approved by the State, the following sections detail the process for submission and review of deliverables during the life of the project/contract.

Bringing Benefits and Meeting Objectives
We listen. We care. We respond. Whether we support your project employees in their quest for the most accurate, efficient, and secure means to disburse benefits to those in need; help vendors/retailers to train on, operate, and manage their equipment; or provide contract deliverables on time and as promised, we strive each day to do what is best for your three EBT Programs.

Following the approval of the Detailed Project Plan, we will comply with Nevada's process for the submission and review of deliverables throughout the life of the project/contract. We discuss how we will follow the process for deliverable submission in the following subsections.

4.2.1 General

4.2.1.1 The contractor must provide two (2) masters (both hard and soft copies) and four (4) additional hard copies of each written deliverable to the appropriate Project Manager as identified in the contract.

Clarification from Amendment 2: Regarding 4.2.1.1 – Upon approval of a project plan, the State is requesting: two (2) masters (both hard and soft copies) and four (4) additional hard copies of each written deliverable.

4.2.1.2 Once a deliverable is approved and accepted by the State, the contractor must provide an electronic copy. The State may, at its discretion, waive this requirement for a particular deliverable.

4.2.1.3 The electronic copy must be provided in software currently utilized by the agency or provided by the contractor.

4.2.1.4 Deliverables will be evaluated by the State utilizing mutually agreed to acceptance/exit criteria.

We meet the general requirements for submitting contract deliverables, including:

- ***Providing two hard and soft master copies and four additional hard copies of each written deliverable to the appropriate SNAP, TANF, and/or WIC project manager as identified in the contract.***
- ***Following your acceptance and approval of each deliverable, we provide an electronic copy of the deliverable. We also acknowledge that Nevada may waive this requirement for a particular deliverable.***
- ***All electronic copies of deliverables are provided in the software currently used by the agency or provided by Conduent.***

We understand and acknowledge that deliverables will be evaluated by Nevada using mutually agreed to acceptance/exit criteria.

4.2.2 Deliverable Submission

4.2.2.1 Prior to development and submission of each contract deliverable, a summary document containing a description of the format and content of each deliverable will be delivered to the State Project Managers for review and approval. The summary document must contain, at a minimum, the following:

A. Cover letter;

B. Table of Contents with a brief description of the content of each section;

C. Anticipated number of pages; and

D. Identification of appendices/exhibits.

4.2.2.2 The summary document must contain an approval/rejection section that can be completed by the State. The summary document will be returned to the contractor within a mutually agreed upon time-frame.

4.2.2.3 Deliverables must be developed by the contractor according to the approved format and content of the summary document for each specific deliverable.

4.2.2.4 At a mutually agreed to meeting, on or before the time of delivery to the State, the contractor must provide a walkthrough of each deliverable.

4.2.2.5 Deliverables must be submitted no later than 5:00 PM Pacific Time, per the approved contract deliverable schedule and must be accompanied by a deliverable sign-off form (refer to ***Attachment F~ Project Deliverable Sign-off Sheet)*** with the appropriate sections completed by the contractor.

We will provide a summary document containing a description of the format and content of each deliverable prior to the development and submission of the deliverable to the appropriate Nevada project manager for review and approval. At a minimum, the summary document will contain:

- ***A cover letter***
- ***A table of contents with a brief description of the content of each section***
- ***The anticipated number of pages***
- ***An identification of appendices and exhibits***

Included in the summary document will be an approval/rejection section that can be completed by Nevada and returned to us within a mutually agreed upon time-frame. All deliverables will be developed according to the approved format and content of the summary document for each deliverable. At a mutually agreed upon time on or before the due date, we will meet with you to provide a walkthrough of each deliverable. All deliverables will be submitted no later than 5:00 p.m. PT, according to the approved contract deliverable schedule, and will be accompanied by a completed deliverable sign-off form using the Project Deliverable Sign-off Sheet, provided in RFP Attachment F.

4.2.3 Deliverable Review

We provide our deliverable review response in the following sections.

4.2.3.1 General

A. The State's review time begins on the next working day following receipt of the deliverable.

B. The State's review time will be determined by the approved and accepted detailed project plan and the approved contract.

C. The State has up to five (5) working days to determine if a deliverable is complete and ready for review. Unless otherwise negotiated, this is part of the State's review time.

D. Any subsequent deliverable dependent upon the State's acceptance of a prior deliverable will not be accepted for review until all issues related to the previous deliverable have been resolved.

E. Deliverables determined to be incomplete and/or unacceptable for review will be rejected, not considered delivered and returned to the contractor.

F. After review of a deliverable, the State will return to the contractor the project deliverable sign-off form with the deliverable submission and review history section completed.

We acknowledge and accept all of Nevada's general review requirements, including the following:

- ***The review time begins on the next working day following receipt of the deliverable.***
- ***The review time will be determined by the approved and accepted Detailed Project Plan and the approved contract.***
- ***Nevada has up to five working days to determine if a deliverable is complete and ready for review, unless otherwise negotiated.***
- ***Any subsequent deliverable dependent upon your acceptance of a prior deliverable will not be accepted for review until all issues related to the previous deliverable have been resolved.***
- ***Deliverables determined to be incomplete and/or unacceptable for review will be rejected, not considered delivered, and returned to Conduent.***
- ***After review of a deliverable, Nevada will return to Conduent the project deliverable sign-off form with the deliverable submission and a completed review history section.***

4.2.3.2 Accepted

A. If the deliverable is accepted, the original deliverable sign-off form signed by the appropriate State representatives will be returned to the contractor.

B. Once the contractor receives the original deliverable sign-off form, the State can then be invoiced for the deliverable (refer to ***Section 7, Financial***).

We understand and accept that the original deliverable sign-off form will be signed by your appropriate representatives and will be returned to us, at which time we may invoice Nevada for the deliverable in accordance with RFP Section 7, Financial.

4.2.3.3 Comments/Revisions Requested by the State

A. If the State has comments and/or revisions to a deliverable, the following will be provided to the contractor:

1. The original deliverable sign-off form with an updated entry to the deliverable submission and review history section.

2. Attached to the deliverable sign-off form will be a detailed explanation of the revisions to be made and/or a marked up copy of the deliverable.

3. The State's first review and return with comments will be completed within the times specified in the contract.

4. The contractor will have five (5) working days, unless otherwise mutually agreed to, for review, acceptance and/or rejection of the State's comments.

5. A meeting to resolve outstanding issues must be completed within three (3) working days after completion of the contractor's review or a mutually agreed upon time-frame.

6. Agreements made during meetings to resolve issues must be documented separately.

7. Once an agreement is reached regarding changes, the contractor must incorporate them into the deliverable for resubmission to the State.

8. All changes must be easily identifiable by the State.

9. Resubmission of the deliverable must occur within five (5) working days or a mutually agreed upon time-frame of the resolution of any outstanding issues.

10. The resubmitted deliverable must be accompanied by the original deliverable sign-off form.

11. This review process continues until all issues have been resolved within a mutually agreed upon time frame.

12. During the re-review process, the State may only comment on the original exceptions noted.

13. All other items not originally commented on are considered to be accepted by the State.

14. Once all revisions have been accepted, the original deliverable sign-off form signed by the appropriate State representatives will be returned to the contractor.

15. The contractor must provide one (1) updated and complete master paper copy of each deliverable after approval and acceptance by the State.

Clarification from Amendment 2: ***Regarding 4.2.3.3.A.15 – If comments/revisions are requested by the State: The contractor must provide one (1) updated and complete master paper copy of each deliverable after approval and acceptance by the State.***

16. Once the contractor receives the original deliverable sign-off form, the State Programs can then be invoiced separately for the deliverable (refer to ***Section 7, Financial***).

We acknowledge and accept that you will provide comments and/or revisions to a deliverable as follows:

- ***The original deliverable sign-off form with an updated entry to the deliverable submission and review history section.***
- ***Attached to the deliverable sign-off form will be a detailed explanation of the revisions to be made and/or a marked up copy of the deliverable.***
- ***Your first review and return with comments will be completed within the times specified in the contract.***
- ***We will have five working days, unless otherwise mutually agreed to, for review, acceptance, and/or rejection of your comments.***
- ***A meeting to resolve outstanding issues will be completed within three working days after our review or within a mutually agreed upon timeframe.***
- ***Agreements made during meetings to resolve issues will be documented separately.***
- ***Once an agreement is reached regarding changes, we will incorporate them into the deliverable for resubmission to the State.***
- ***All changes will be easily identifiable by the State.***
- ***Resubmission of the deliverable will occur within five working days or within a mutually agreed upon timeframe following the resolution of any outstanding issues.***
- ***The resubmitted deliverable will be accompanied by the original deliverable sign-off form.***
- ***This review process will continue until all issues have been resolved within a mutually agreed upon timeframe.***
- ***During the re-review process, Nevada may only comment on the original exceptions noted.***
- ***All other items not originally commented on are considered to be accepted by Nevada.***
- ***Once all revisions have been accepted, the original deliverable sign-off form signed by the appropriate State representatives will be returned to Conduent.***
- ***Conduent will provide one updated and complete master paper copy of each deliverable after approval and acceptance by the State.***
- ***Once we receive the original deliverable sign-off form, we may invoice the State Programs separately for the deliverable following the procedures outlined in RFP Section 7, Financial.***

4.2.3.4 Rejected, Not Considered Delivered

A. If the State considers a deliverable not ready for review, the following will be returned to the contractor:

1. The original deliverable sign-off form with an updated entry to the deliverable submission and review history section.

2. The original deliverable and all copies with a written explanation as to why the deliverable is being rejected, not considered delivered.

3. The contractor will have five (5) working days, unless otherwise mutually agreed to, for review, acceptance and/or rejection of the State's comments.

4. A meeting to discuss the State's position regarding the rejection of the deliverable must be completed within three

(3) working days after completion of the contractor's review or a mutually agreed upon time-frame.

5. Resubmission of the deliverable must occur within a mutually agreed upon time-frame.

6. The resubmitted deliverable must be accompanied by the original deliverable sign-off form.

7. Upon resubmission of the completed deliverable, the State will follow the steps outlined in Section 4.2.3.2, Accepted, or Section 4.2.3.3, Comments/Revisions Requested by the State.

We acknowledge and accept that any deliverable you consider not ready for review will be returned adhering to the following process:

- ***The original deliverable sign-off form will be returned with an updated entry to the deliverable submission and review history section.***
- ***The original deliverable and all copies will be returned with a written explanation as to why the deliverable is being rejected and not considered delivered.***
- ***We will have five working days, unless otherwise mutually agreed to, for review, acceptance, and/or rejection of your comments.***
- ***A meeting to discuss your position regarding the rejection of the deliverable will be completed within three working days after completion of our review or within a mutually agreed upon timeframe.***
- ***Resubmission of the deliverable will occur within a mutually agreed upon timeframe.***
- ***The resubmitted deliverable will be accompanied by the original deliverable sign-off form.***
- ***Upon resubmission of the completed deliverable, Nevada will follow the steps outlined in RFP Section 4.2.3.2, Accepted, or RFP Section 4.2.3.3, Comments/Revisions Requested by the State.***

4.3 PROJECT KICK OFF MEETING

4.3.1 The first activity or task after contract approval will be project kick off meetings that will be held with representatives from the three EBT Programs, other State and federal staff, and the EBT contractor. Within 14 calendar days following contract execution, and prior to project work to be performed, the contractor shall organize and lead a kick-off meeting in person at the specific Division in Carson City, Nevada. The purpose of the meeting is to discuss the EBT contractor's work, schedule of activities, tasks and deliverables. Discussion will also take place regarding details of the Preliminary Project Management Plan in preparation of Section 4.4, where the Plan will be finalized to become the Nevada EBT Project Plan (refer to ***Section 5.7 Project Management***). Items to be covered in the kick off meeting will also include, but not be limited to:

4.3.1.1 Deliverable review process;

4.3.1.2 Determining format and protocol for project status meetings;

4.3.1.3 Determining format for project status reports;

4.3.1.4 Setting the schedule for the project, including meetings between representatives from the State and the contractor to develop the Project Plan and the Project Schedule:

A. Project Initiation Meeting

After the completion of the Project Kick-Off Meeting and prior to the start of system planning and design of the EBT system, a Project Initiation meeting must take place. The EBT contractor must schedule two separate Project Initiation Meetings, one with WIC staff and one with the SNAP/TANF staff.

These meetings will provide an opportunity for the EBT contractor staff, Program staff and other EBT Project stakeholders to discuss any issues and concerns regarding the new EBT system to be implemented. Specifically, final decisions will be made regarding EBT contractor deliverables, system interfaces, project management and the Project Plan and schedule.

Two (2) days after the meeting the EBT contractor will deliver a meeting memorandum recording the decisions from each of the Program's EBT Project Initiation meeting.

4.3.1.5 Defining lines of communication and reporting relationships;

4.3.1.6 Reviewing the project mission;

4.3.1.7 Pinpointing high-risk or problem areas; and

4.3.1.8 Issue resolution process.

Bringing Benefits and Meeting Objectives
Our implementation approach, including our Project Kick Off and Project Initiation Meetings, are customized for you and delivered with rigid attention to detail, in-depth knowledge of government services programs, and a strong commitment to meeting your requirements.

Throughout the lifecycle of a project, comprehensive planning is a key step towards successful and on-time completion of work. The project kick off meeting is a major milestone, which allows our staff to meet face-to-face with your SNAP, TANF, and WIC teams to begin the process of building a project blueprint and schedule. Our project team for SNAP/TANF is led by Angie Hernandez who has over 10 years of project management experience. Ms. Hernandez is supported by her implementation lead, Bernhard Odom who has more than 15 years of project and software implementation management experience, including EBT program transitions. Our project team for WIC EBT is led by Jeff Vinsant who has more than five years of project management experience and over 18 years of business analyst experience. Mr. Vinsant is supported by his implementation lead, Tina Wong who has more than five years of project management experience including support for 11 WIC EBT implementations. Specific information about both project managers and their implementation leads can be found in our response to Section VIII, Attachment H – Proposed Staff Resume.

Project Kick Off Meeting

The project kick off meeting is the initial meeting for representatives from the three Nevada EBT Programs, including Conduent project management staff and State and federal staff to begin the process of structuring and documenting the EBT Programs. The kick-off meeting includes discussion of project risks and mitigation strategies for each project phase. The Project Management Plan, which is a guide for project execution and control, is reviewed and assessed by the team. This plan is used to document planning assumptions and decisions, to facilitate communication among stakeholders, and to document approved scope, cost, and schedule baselines. Please see our response to RFP Section 5.7, Project Management, for more information about our project management methodologies.

Within 14 calendar days following contract execution, our project managers, Ms. Hernandez and Mr. Vinsant will contact your staff to schedule the kick off meeting with representatives from all three EBT programs, other State and federal staff, and our project teams. This meeting will be held in Carson City, Nevada and led by Conduent Project Manager Angie Hernandez. Items to be covered in the kick off meeting include:

- ***Deliverable review process***
- ***Determining format and protocol for project status meetings***
- ***Determining format for project status reports***
- ***Setting the schedule for the project, including meetings between your representatives and ours to develop the project plans and project schedules***

As with all meetings, a member of our team is designated to document all agreements and decisions made. These meeting notes are used to construct a status report documenting all action items taken and plans to accomplish any open items.

Project Initiation Meetings

Following the kick off meeting, two separate project initiation meetings will take place. Ms. Hernandez will schedule a meeting with your SNAP and TANF staff, and Mr. Vinsant will schedule a meeting with your WIC staff. During these meetings, teams will review and discuss issues, concerns, program documents, and tasks relevant to the new EBT systems being implemented. These meetings are key opportunities to make decisions regarding Conduent deliverables, systems interfaces, project management and the Project Plan and schedule.

Each project manager will develop a meeting memorandum recording all decisions, understandings, and contingencies arising from their meetings and will submit it to the appropriate EBT Program staff within two days following the meeting.

Items to be covered in the project initiation meetings include:

- ***Setting the Project Schedule***
  - ***Meetings between Conduent and State representatives***
  - ***Develop the Project Plan***
  - ***Develop the Project Schedule***
- ***Defining lines of communication and reporting relationships***
- ***Reviewing the project mission***
- ***Pinpointing high-risk problem areas***
- ***Issue resolution process***

The project initiation meetings are followed by several days of joint application design (JAD) sessions to refine and expedite the program implementation process. There will be separate JAD sessions for the SNAP/TANF EBT Programs and the WIC EBT Programs.

Projected Timeline

For your contract and timeline, we are starting work immediately after the Board of Examiners approval on April 10, 2018. The timeline we suggest is as follows:

- ***Kick off Meeting***
  - ***Joint SNAP, TANF, and WIC on Tuesday, April 17, 2018***
- ***Project Initiation Meetings***
  - ***SNAP and TANF on Monday, April 23, 2018***
  - ***WIC on Monday, April 30, 2018***
- ***JAD Sessions***
  - ***SNAP and TANF on Tuesday, April 24, 2018 – Thursday, April 26, 2018***
  - ***WIC on Tuesday, May 1, 2018 – Thursday, May 3, 2018***

4.4 PLANNING AND ADMINISTRATION

We address your planning and administration requirements throughout our response to this RFP section.

4.4.1 Objective

The objective of this task is to ensure that adequate planning and project management are dedicated to this project.

Bringing Benefits and Meeting Objectives
• ***Our project management methodology combines standards and practices that have been used successfully on multiple EBT projects in numerous states providing program administrators assurance that our methods are tested and proven to be successful.***
• ***The State benefits from our carefully considered, realistic planning and administration approach, which ensures that the you and your cardholders get the attention, support, and expertise you need during the rollout of your three EBT Programs.***

Project success is determined by having experienced project management staff who operate with a good project management methodology along with detailed plans and schedules to keep tasks on time and budget. Your three EBT Programs will be led by Project Managers Angie Hernandez (SNAP/TANF) and Jeff Vinsant (WIC EBT), both supported by program and technical staff who apply their years of experience to creating an environment of success to your programs.

Along with our knowledgeable staff, we use our Project Management Methodology (PMM) that combines industry standards and best practices, along with our own practical experiences to deliver effective, repeatable processes, strong controls, implementation reports, and ongoing communication between our teams and the staff from your three EBT Programs. Our plans are developed with the help of your teams and maintained throughout implementation, so everyone knows their roles and responsibilities with timeframes clearly identified.

The resumes of our staff can be found in our response to Section VIII, Attachment H – Proposed Staff Resume. Please see our response to RFP Section 5.7, Project Management, for more information about our PMM.

4.4.2 Activities

This section refers to different activities such as meetings and reports. Each project (WIC, SNAP, and TANF) will have their own separate project meetings and status reports.

We understand that SNAP, TANF, and WIC have their own requirements for activities such as meetings, reports, plans, and other deliverables. As clarified in Question 21 in Amendment 2, the SNAP/TANF Program deliverables will be provided together because the SNAP and TANF Programs will be implemented at the same time. Therefore, for the meetings, reports, plans, and other deliverables defined in the following subsections, we provide one for the SNAP/TANF Programs and one for the WIC EBT Program.

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.4, Planning and Administration, and ensure that your objectives are met. As noted, our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.4.2.1 The awarded vendor must complete the following activities:

A. Project Wide Project Plan and Schedule

B. The EBT contractor will work with the staff from WIC, SNAP and TANF to provide a detailed Project Plan and Project Schedule based on the Preliminary Project Plan submitted with the proposal as defined in ***Section 5.6, Preliminary Project Plan***. The Project Plan and Schedule must address the tasks, activities and deliverables and Project Schedule for Project as a whole plus each of the three Nevada EBT Programs.

C. The detailed Project Plan and Schedule shall have fixed deadlines that take into consideration the State holiday schedule, State Observed Holidays and include, but not be limited to:

1. Project schedule including tasks, activities, activity duration, sequencing and dependencies;

2. Project work plan for each deliverable, including a work breakdown structure;

3. Completion date of each task;

4. Project milestones; and

5. Entrance and exit criteria for specific project milestones.

D. The EBT contractor shall submit a preliminary overall Project Schedule in MS Project and a PDF version no later than two weeks following contract execution. The Project Schedule defines all timeframes, start dates and end dates, Contract staff resources are assigned and an estimate of the Programs staff required resources for all project-wide tasks and deliverables are identified. All deliverables identified within the project schedule are subject to Project Management Team review and approval. The final Project Schedule, which will serve as the baseline document, must be provided ten (10) business days following the receipt of the written comments from the State. The Project Plan and Schedule shall be updated as

needed throughout the project. Changes in the schedule, either timeframe or activity changes, must be approved by the Project Management Team prior to the Contractor making the schedule changes. Once changes are approved the EBT contractor shall present a full description of the updates in the Project Plan and Schedule and define the rational or impact on the project; and

E. The EBT contractor will be expected to complete Project Plan and Schedule details for the three (3) specific EBT Programs.

Conduent has reviewed and complies with this section's RFP requirements. The foundation of our implementation management activities for your Nevada EBT Programs is the Project Plan, a roadmap that we follow with diligent project management and ongoing communications to all stakeholders as we move through each phase of the project. The Project Plan identifies the timeframes and key activities in each phase along with the project scope, resources, tasks, deliverables, critical paths, and dependencies. The plan is a "living" document that demonstrates the interrelationships between all tasks. It further discloses how all of the tasks and events identified in the project's Work Breakdown Structure (WBS) are implemented on time and with appropriate resources.

Within the Project Plan is the Project Schedule, a time-specific plan that determines start dates, milestones and due dates of project tasks, activities, and objects. Managed with the Project Plan, the Project Schedule is used to control the project throughout its lifecycle. This means as roadblocks arise or if tasks are completed ahead of schedule, the teams will be able to see how these changes will affect the rest of the project and then can decide the best course of action needed. Please see our response to RFP Section 5.6, Preliminary Project Plan, for more information about our Project Plan.

Our SNAP/TANF Preliminary Project Plan and our WIC EBT Preliminary Project Plan have been included in Section IX, Preliminary Project Plan.

4.4.2.2 Project Status Meetings

Each project (WIC, SNAP and TANF) will have their own separate project meetings.

A. The EBT contractor will attend and participate in all project status meetings with the WIC, SNAP and TANF project team at a location to be determined by the State. The Contract Project Manager and Technical Lead must attend in person whereas other key contractor staff may attend in person or via teleconferencing, as mutually agreed to by the project team.

B. These status meetings will provide an opportunity for Nevada Program staff and other applicable Stakeholder and the EBT contractor staff to discuss outstanding issues and other issues defined in the Status reports.

C. These meetings shall follow an agenda mutually developed by the awarded vendor and the State. The awarded vendor shall prepare materials or briefings for these meetings as requested by the State.

D. The EBT contractor shall provide an agenda for the status meeting no later than two (2) business days prior to the status meeting.

E. The agenda may include, but not be limited to:

1. Review and approval of previous meeting minutes;
2. Contractor project status;
3. State project status;
4. Contract status and issues, including resolutions;
5. Risk Review;
6. Quality Assurance status;
7. New action items;
8. Outstanding action items, including resolutions;
9. Setting of next meeting date; and
10. Other business.

F. Minutes will be taken and distributed by State staff within five (5) working days after the meeting. Minutes may be distributed via facsimile or email. See the additional description of the Specific Program Status Meetings in the ***WIC Specific Scope of Work, Section 4.14.***

Conduent has reviewed and complies with this section's RFP requirements. Regular status meetings allow the teams to measure progress and discuss any program discrepancies. Throughout the duration of each program's implementation, our project managers and technical leads will conduct status meetings for their respective EBT Programs. In each meeting, the project managers will provide an agenda as well as status reports based on the format and content agreed on by all of the project management teams. The reports will have metrics, which you currently use to manage your EBT Programs as well as the progress of implementation. The agenda will cover topics such as, but not limited to:

- ***Updates on program actions, including interface specification and development, vendor enablement and certification, clinic enablement, testing, training, security assessment, and transition to operations***
- ***A review of the Project Plan and the status of the Project Schedule***
- ***A review of issues and risks***
- ***Planning for upcoming activities***

We will generate minutes of all meetings held and distribute them within five days to the State for review and approval.

4.4.2.3 Status Reports

Each project (WIC, SNAP and TANF) will have their own separate status reports.

A. Provide written semi-monthly project status reports delivered to State project management by the third (3rd) working day following the end of each reporting period. The format must be approved by the State prior to issuance of the first semi-monthly project status report. The first semi-monthly report covers the reporting period from the 1st through the 15th of each month; and the second semi-monthly report covers the reporting period from the 16th through the end of the month. Exception: Frequency of status reports may change in times of high activity, including prior to system conversion or during UAT. The status reports must include, but not be limited to the following:

1. Overall completion status of the overall project and the project as it relates to each Program in terms of the approved Project Plan and Project Schedule, including deliverables submitted;

2. Accomplishments during the period, including Programs' staff/stakeholders interviewed, meetings held, JAD sessions and conclusions/decisions determined;

3. Problems encountered and proposed/actual resolutions;

4. What is to be accomplished during the next reporting period, such as outstanding tasks/deliverables;

5. Issues that need to be addressed, including contractual. Include outstanding problems, issues or risks. (Provide the status of the progress on resolution, risk assessment ranking of the problem and recommended solution or mitigation plans.);

6. Quality Assurance status;

7. Identification of risks;

8. Updated MS Project Schedule time line showing percentage completed, tasks assigned, completed and remaining;

9. Identification of schedule slippage and strategy for resolution; and

10. Progress on Enhancement/Change Requests. (For all active change requests, the Status Report shall identify tasks completed during the reporting period, tasks remaining and the estimated date of completion for the change.)

B. During system conversion, the status report shall include an update on:

1. Conversion activities and tasks;

2. Progress in POS deployment including retailer name and location, terminal ID and retailer's FNS number;

3. Planned POS deployment activity for the next reporting period;

4. ATM availability;

5. State, client and retailer training plans and activities;

6. Card replacement and issuance plans and activities; and

7. Progress on retailer and third party agreements.

Conduent has reviewed and complies with this section's RFP requirements. ***Detailed and comprehensive status reports provide important information that we consider key elements of our communication with the State. Status reports detail what is going on in the program on a regular basis and facilitate faster responses to issues. Whether there are status meetings or not, status reports will be provided on a semi-monthly basis. During the transition period, we increase the frequency and provide these reports weekly for all three of your EBT Programs. The contents of our status reports includes information about the tasks completed within the reporting period, upcoming activities for the next reporting period, identification of critical action items (including person assigned), issues, risks or roadblocks, status of clinic enablement, status of vendor enablement and certification, status of deliverables, and an updated Project Plan.***

4.4.2.4 Project Wide Communication Plan

Develop a comprehensive approach for handling communications with both internal and external audiences. Effective communication is critical to the development of productive relationships with concerned stakeholders. The Project Wide Communication plan must include, but not be limited to: a plan for generation, documentation, storage, transmission and disposal of all project information.

Conduent has reviewed and complies with this section's RFP requirements. ***Our Communication Plan describes our strategy for communication with internal and external stakeholders from all three of your EBT Programs. We refer to the Project Management Institute's (PMI's) principles of communication, which means the majority of the planning process is completed in the earliest program phases with regular reviews and ongoing updates to confirm the Communications Plan is accurate throughout the transition. The communication procedures we present in this plan are meant to facilitate the flow of information about program status among all stakeholders.***

4.4.2.5 Project Wide Retailer Transition and Certification Plan

The EBT contractor will prepare a plan the will lay out the means in which the EBT contractor will complete all communication necessary to prepare the retailers for acceptance and redemptions of the EBT benefits. The Retailer Transition and Certification Plan will also address hardware and software installation, preparation of retailer agreement, retailer system testing and training.

The Plan shall include but not be limited to the EBT contractor's approach to:

A. Identifying which vendors are prepared for the EBT system transition;

B. Identifying which vendors require additional support for EBT, if allowed by regulation;

C. Identifying what type of support is required for each applicable retailer;

D. Providing technical ECR/POS solutions as approved by each of the Programs;

E. Tracking retailer enablement and certification;

F. Supporting the authorized vendors in the testing and certification process; and

G. The WIC Programs continue to have stand-beside registers in a small number of stores. In addition, several vendors also utilize a third party processor. The vendor shall identify the process to provide stand-beside registers, training material, and other support to stores which are not integrated.

Conduent has reviewed and complies with this section's RFP requirements. ***Retailer and vendor participation is vital to the operation of any EBT program. In order for us to maintain the current level of participation and provide a means to add additional locations and chains, we use a Retailer/Vendor Transition and Certification Plan. Our plan details the processes and procedures to confirm that authorized SNAP, TANF, and WIC locations are ready for statewide rollout and we streamline the process for new retailers and vendors after implementation. During the Design Phase, the Retailer/Vendor Transition and Certification Plan is developed, and integration activities are based on the Project Plan and schedule and address hardware and software installation, preparation of retailer/vendor agreement, retailer/vendor system testing, and training. Communication with all authorized retailers/vendors is maintained throughout the implementation to keep them informed and to confirm their readiness to process EBT transactions.***

WIC EBT Program Variances

The certification process for the WIC Connect solution is different from the EBT Connect solution. Therefore, the plan for WIC vendors will address the process for WIC vendor certification.

4.4.2.6 Project Wide Risk Management Plan

Develop a risk management plan to ensure that risks are identified, planned for, analyzed, communicated and acted upon effectively.

Conduent has reviewed and complies with this section's RFP requirements. ***Identifying risks and possible roadblocks before and during different phases of implementation is essential for a smooth transition. Our PMM has processes and tools to assist us in avoiding, transferring, and mitigating risk throughout the implementation as well as the contract lifecycle. We integrate these processes and tools into our Risk Management Plan to ensure risks are identified, planned for, analyzed, communicated, and acted upon. Please see our response to RFP Section 5.7, 10, Risk Management, for more information about our risk management procedures.***

4.4.2.7 Project Wide Quality Assurance Plan

Develop a quality assurance plan including, but not limited to, the methodology for maintaining quality of the code, workmanship, project schedules and subcontractor(s) activities.

Conduent has reviewed and complies with this section's RFP requirements. ***Our Quality Assurance Plan is built on the PMI best practices along with principles from the Project Management Body of Knowledge (PMBOK) and Capability Maturity Model Integration (CMMI). This plan outlines all of the methods, processes, and measures we follow to ensure high-quality implementations, including changes and upgrades to the existing environment. The plan details how quality measures are built into all our products, services and deliverables. Please see our response to RFP Section 5.8, Quality Assurance, for more information about our quality assurance methods.***

4.4.2.8 Project Wide Change Management Plan and Control Procedures

A. Develop a Change Management Plan and Control Procedures and present it to the State for acceptance. This plan will be used by the vendor and the State in the design, specification, construction, implementation and support of the system.

B. The EBT contractor shall include, as part of the Project Management Plan, a Change Management Plan. At a minimum, the Change Management Plan and Control Process must include the following:

1. An electronic tool, such as SharePoint, for change management purposes;

2. Be developed with a focus on EBT system functional and technical baseline and change requests;

3. The EBT contractor's approach to addressing:

   a. Design issues;
   b. Remedial changes;
   c. State-initiated change requests;
   d. Conformance to Federal regulations and Operating Rules for WIC EBT; and
   e. Self-initiated changes.

4. Define roles and responsibilities and assure the State that no changes to the EBT system will be undertaken without the Project Management Team's prior knowledge and approval.

5. Include the procedures for changes and upgrades to all EBT system documentation and manuals.

Conduent has reviewed and complies with this section's RFP requirements. Our Project Management Plan contains a Change Management Plan that is necessary for large-scale projects as they require methods for controlling the introduction of changes into the system. Our Change Management Plan is developed with your project management teams by reviewing existing State policies and standards. We use this knowledge to create, document and review final change management processes to be applied throughout the project. The Change Management Plan also defines roles and responsibilities as well as procedures for changes and upgrades to all EBT system documentation and manuals. Please see our response to RFP Section 5.11, Configuration Management, for more information about our approach to change management. In addition, please see our response to RFP Section 5.7, Project Management, for more information about our management and control procedures.

4.4.2.9 Project Wide Knowledge Transfer Plan

Develop a Knowledge Transfer Plan, present the plan to the State, execute the plan and obtain State acceptance before and after the plan is executed. The plan must include sufficient time and resources to accomplish a full transfer of knowledge to assure that

the State can operate the system independently and obtain timely and effective support from the vendor.

Conduent has reviewed and complies with this section's RFP requirements. ***With support provided by Conduent, you will receive the information required to allow your staff to independently operate both EBT Connect and WIC Connect solutions with confidence. We develop a Knowledge Transfer Plan, present the plan to the State, execute the plan, and obtain State acceptance before and after the plan is executed. The plan includes a sufficient time and resources to accomplish a full transfer of knowledge to assure that the State can operate the system independently and obtain timely and effective support from Conduent.***

Please see our response to RFP Section 4.7, SNAP/TANF Training, for more information about our SNAP/TANF training approach. Note also that we meet all the WIC training requirements identified in RFP Section 4.14, Nevada WIC Program Specific Scope of Work.

4.4.2.10 Project Wide Post Implementation Evaluation Review (PIER)

The State will perform a Post Implementation Evaluation Review (PIER) approximately six (6) months after full implementation and State acceptance of all deliverables. The awarded vendor's Project Manager will be required to participate on site for a period of not to exceed three (3) days.

Conduent has reviewed and complies with this section's RFP requirements. *We acknowledge that* ***the State will perform a Post Implementation Evaluation Review (PIER) approximately six (6) months after full implementation and the State's acceptance of all deliverables. We agree that Conduent Project Manager Angie Hernandez will participate in the PIER onsite for a period of not to exceed three (3) days.***

4.4.2.11 Project Wide Conversion and Implementation Plan

The Plan shall address the processes to be used for conversion and implementation, how the processes will be tested, and contingency plans for problems and issues that may occur during the process. At a minimum, the plans shall include the EBT Vendor's approach to conversion/implementation activities in enough detail so that the State fully understands the approach and has confidence that the approach will support a timely and successful conversion and implementation.

The Conversion and Implementation Plan must also contain a contingency fallback plan in case the conversion cannot be completed in a timely manner due to conversion issues. FNS must approve the Conversion Plan.

A. The draft Project Wide Conversion and Implementation Plan is due to the Nevada EBT Project Management Team within four (4) weeks from Contract execution. The Implementation Plan shall address each of the contracted Nevada EBT and Debit Card Programs involved in the system project. Specific sections of the Implementation Plan should be included for each participating program.

B. The Conversion and Implementation Plan shall include but not be limited to general and program specific information regarding:

1. Deliverables, milestones and "Go/No Go" decisions.

2. Conversion of acquirers and retailers including the retailer database.

3. Conversion of each Program's client database to include account aging information including expungement and escheatment dates, where appropriate, and transfer of the Program's transaction history.

4. Provide an Integrated Vendor Interface Specifications Document. The document shall contain sufficient details so retailers with integrated ECR/POS systems will have the requirements necessary to modify their systems and exchange files with the EBT system. This includes establishing interfaces with the Programs' MIS, certification, and/or eligibility systems.

5. Coordinating with other contractor or Nevada staff involved in Program interfaces, to include timelines, milestones, roles and responsibilities, and level of work effort to be expected by State IT staff.

6. Approach to testing and conversion.

7. Coordinating training efforts.

8. Implementing card production and distribution, to include replacement of EBT cards, as required.

9. Implementing customer service, IVR and web portals.

10. Implementing participant customer services as required for the technical solution, to include maintaining the ability of Customer Service Representatives (CSRs) to complete card status functions reported during the conversion.

11. Coordinating with FNS, the Treasury Department and the Federal Reserve Bank (FRB) in transferring State ASAP (Automated Standard Application for Payments) system account balances to the succeeding EBT Contractor (SNAP/TANF only). WIC will use State bank only.

12. Establishing Administrative Terminal application connectivity.

13. Coordinating State Office and local office/clinic equipment installation and testing.

14. Coordinate statewide conversion activities with the data migration.

Conduent has reviewed and complies with this section's RFP requirements. ***The Conversion and Implementation Plan describes our approach to continuing EBT services from one contract to the next, as well as the steps taken in preparation for, delivery of, and confirmation of the successful conversion of the system's databases to the latest versions. The plan typically addresses the processes to be used for the migration, describes how these processes are tested, and outlines contingency plans for problems and issues that may occur during the migration. In addition, the plan includes verification and validation of the conversion process and the validation of the cardholders' account balances converted to EPPIC. A key element in our conversion approach involves interfacing with the outgoing contractor to transfer EBT program data to our system. The plan encompasses the processes that will create successful outcomes for your EBT Programs, including training, customer service, testing, and equipment installation.***

4.4.2.12 Project Wide System Test Plan

The EBT contractor shall prepare and submit a draft and final System Test Plan. This plan will describe how the EBT contractor will complete all phases of system testing for each of the Nevada EBT Programs in preparation for the Functional Demonstration prior to the Specific EBT programs' User Acceptance Testing (UAT).

Conduent has reviewed and complies with this section's RFP requirements. ***We develop or modify System Test Plans in the Design Phase. Our methodology includes coordinating with the EBT Program teams to discuss areas of potential risks, roles and responsibilities, communications, reporting protocols, and other contributing factors which will assist us in a successful system test. Please see our response to RFP Section 4.6, Project-Wide System Testing, for more information about system testing.***

4.4.2.13 Project Wide System Security Plan

A. The EBT contractor shall develop a plan for the implementation and maintenance of a comprehensive security program. The Security Plan shall describe the administrative, physical, technical and systems controls to be implemented for the EBT systems for the WIC Programs and SNAP and TANF, and how the EBT contractor will address deficiencies or security breaches if they are identified during the course of the contract. The Security Plan shall reflect the guidance of "FNS Handbook 901, FNS EBT Security Guidelines Handbook" and the security requirements specified in Section 3.9 of the RFP. In addition to describing the planned controls to meet the security requirements, the Security Plan shall provide for the ongoing certification and examination of the EBT contractor's operations and control system. The EBT contractor may use OMB Circular A-130 and 90-08 as references in preparing the Security Plan.

Refer to https://www.whitehouse.gov/omb/information-for-agencies/circulars

B. General areas that shall be covered within the Security Plan include:

1. Physical site security;
2. System data security;
3. System application security;
4. Cooperation in inspections and audits;
5. Periodic risk analyses; and
6. Contingency planning.

C. The EBT contractor must adhere to State (as applicable), and Federal statutes related to data privacy and the rights of data subjects. Security Plan acceptance is contingent upon State and FNS approvals.

Conduent has reviewed and complies with this section's RFP requirements. In today's web-enabled business environment, system security is a high priority. It is our responsibility to protect the security of your three EBT Programs' and cardholders' information. To provide the necessary protection, we use the best and most reliable tools available. We were the first to implement a web-based EBT system, and as a result, have the most experience in providing online system security. As we have continued to develop and refine our system, we have deployed an array of security devices capable of detecting and defeating most known types of intrusion. We provide authorized State and USDA FNS individuals with user profiles, audit trails, and tools to confirm that all security checks and procedures meet your requirements. Please see our response to RFP Section 3.4, Security Standards, for more information about our System Security Plan and processes.

4.4.2.14 Project Wide Training Plan

A. The EBT contractor will be required to submit for approval a comprehensive Project Wide Training Plan in draft and final form. The Project Wide Training Plan will include a section defining the training needs for the Programs' EBT systems and meeting FNS and State standards. Training materials, including video/electronic and hardcopy materials developed for the Program staff shall be submitted in draft and then final form and once approved by the Program staff become the property of the State.

B. Training plans and materials shall be updated throughout the contract as needed to reflect changes in the EBT system or services.

C. The Project Wide Training Plan shall include the following:

1. Description of training directly related to the system functionality

2. Description of how trainees will demonstrate the capability of performing their applicable system functions at the completion of training

3. Description of training and training materials providing content that is appropriate for the needs of the Program staff, participants and retailers

   a. Participant Training Materials (SNAP/TANF only)

      - The EBT contractor shall develop program-specific print-ready training materials for SNAP/TANF local agency staff to distribute to their participants/cardholders. The training materials must present the introduction to EBT for new SNAP/TANF card holders and a presentation of changes in the new system over the FIS/CPD EBT system.

      - The training materials shall be written in easy to understand language at a 7th grade reading level in both English and Spanish. All materials must be approved by the SNAP/TANF staff prior to distribution to the SNAP/TANF Cardholders.

      - Training Materials to be provided by the EBT contractor shall include a pamphlet and a video defining how to use the SNAP/TANF EBT card to redeem their SNAP/TANF benefits. The SNAP/TANF staff shall review and approve the draft training materials for the cardholder prior to their use during the statewide system implementation.

4. Training Schedules that are conducted at an appropriate time (i.e., training has to occur prior to a stakeholder using the system, but not so far in advance that training is forgotten prior to the stakeholder using the system)

5. Description of training directly related to the applicable to program-specific EBT functions

   - Staff Training Material

     The EBT contractor shall provide the necessary training and training materials so the local and State Office SNAP/TANF staff has knowledge as to how to access the available EBT functions. SNAP/TANF staff shall be provided with a user guide and a tip sheet to assist staff with easy reference for EBT operations.

6. If training provided by the EBT contractor is not effective or does not address training objectives, the EBT contractor shall modify its training materials or training methodologies. The

EBT contractor shall replace trainers that do not meet the Programs' staff's training expectations.

Conduent has reviewed and complies with this section's RFP requirements. ***We are continually improving our training program so we can provide an easy-to-use and in-depth training experience. We take the lessons we have learned over the years and modify our training methods so we can create a unique and extensive Training Plan. This plan outlines all training deliverables we provide to the State along with proposed deadlines, and the design, development, production, and distribution of all training materials. Please see our response to RFP Section 4.7, SNAP/TANF Training, for more information about our training processes.***

4.4.2.15 Project Wide Contract Transition Plan

The EBT contractor shall submit an outgoing Contract Transition Plan that shall include a resource staffing plan, issue tracking log, knowledge transfer plan and a Project Schedule, detailing the items necessary to successfully transition EBT data and operational knowledge to the incoming EBT contractor. The Contract Transition plan can be requested by the Project's Management Team as early as thirteen (13) months prior to contract end, but not less than six (6) months prior to contract end. The Contract Transition Plan shall be submitted to the Project's Management Team in writing within one (1) month of a written request to allow for the review and approval by the Nevada EBT Project Management Team.

Conduent has reviewed and complies with this section's RFP requirements. ***As the end of the contract gets near we will develop a Contract Transition Plan that clearly identifies and documents Conduent's and Nevada's activities and responsibilities required to successfully convert to a new vendor on the target cutover date. The Contract Transition Plan includes a resource staffing plan, issue tracking log, Knowledge Transfer Plan and a Project Schedule that details the items necessary to successfully transition EBT data and operational knowledge to the incoming EBT contractor.***

For a successful transition to occur, we start planning for the end of contract 13 months in advance of the contract expiration date. Advanced planning ensures that key transition activities are identified, responsibilities are assigned, trained resources are available, and that agreement has been obtained on how the transition will be conducted. This plan is submitted to the project's management team in writing within one month of a written request so that it can be reviewed and approved by the Nevada EBT Project Management Team.

4.4.2.16 Project Wide Business Continuity/Disaster Recovery Plan

A. The EBT contractor shall provide an EBT Systems Business Continuity Plan and Disaster Recovery Plan to define how Business Continuity and Disaster Recovery will take place if the need arises. The Plan will:

1. Include a definition of how the delivery of benefits and cards will be provided in the event of a localized or statewide disaster. Disaster card replacement would be for SNAP only.

2. Include an evaluation of the types of service interruptions that may impact the Programs' EBT and Cash Benefit systems' operations and therefore require the use of a back-up and recovery process.

B. For each potential interruption type, the EBT contractor shall, at a minimum:

1. Detail the steps to be taken to recover from the interruption;

2. Outline the resources committed (i.e., people, systems, networks and operation sites);

3. Indicate whether the continuity plan has been tested under real or simulated conditions;

4. Include how and when notifications of service interruptions will be provided to the Nevada Programs' retailers; and

5. Include how and when the EBT contractor will support Program staff and Program client/participant notifications

C. The plan shall address all of the requirements identified for both the Contractor's company as well as any subcontractor. The plan shall demonstrate that in the event of a disaster the cardholders' inconvenience will be minimal.

D. The EBT contractor must demonstrate on an annual basis that its disaster recovery plan is effective and, within ten days after each demonstration, provide a written report to the Project Management Team on how the restoration activities functioned.

E. The EBT contractor shall be required to support the State's Disaster Plan and plan to participate in the annual review of the plan. The EBT contractor shall provide support to update the plan and its approach to disaster support if requested to meet the needs of changes to Federal and State response requirements.

Conduent has reviewed and complies with this section's RFP requirements. ***Our Business Continuity/Disaster Recovery Plans have been used in our other EBT and WIC EBT programs, and will be tailored to meet your specific needs. We identify different types of service interruptions by the specific area and potential causes. Part of our Business Continuity/Disaster Recovery Plan involves the development of a Contingency Plan which serves as a technical, procedural, and service roadmap for maintaining contractual requirements and performance standards during a disaster.*** ***To date, our Business Continuity/Disaster Recovery Plans, methods, and systems have been engineered, tested, and re-engineered against nine hurricanes, multiple ice storms, severe tornadoes, and massive flooding.*** ***We have provided EBT cards for cardholders eligible for disaster relief services in many states, and we have assured that retailers were supplied with a sufficient amount of manual vouchers to make certain they could continue to serve cardholders during these catastrophic events. Please see our response to RFP Section 4.9, Project Wide Disaster Recovery and Support, for more information about our business continuity/disaster recovery methods.***

4.4.3 Planning and Administration Deliverables

4.4 PLANNING AND ADMINISTRATION DELIVERABLES			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.4.3.1	Detailed Project Plan and Schedule	4.4.2.1	15
4.4.3.2	Project Status Meetings	4.4.2.2	N/A
4.4.3.3	Project Status Report	4.4.2.3	5
4.4.3.4	Communication Plan	4.4.2.4	10
4.4.3.5	Retailer Transition and Certification Plan	4.4.2.5	10
4.4.3.6	Risk Management Plan	4.4.2.6	10
4.4.3.7	Quality Assurance Plan	4.4.2.7	10
4.4.3.8	Change Management Plan and Control Procedures	4.4.2.8	10
4.4.3.9	Knowledge Transfer Plan	4.4.2.9	10
4.4.3.10	Post Implementation Evaluation Review	4.4.2.10	5
4.4.3.11	Conversion and Implementation Plan	4.4.2.11	5
4.4.3.12	System Test Plan	4.4.2.12	5
4.4.3.13	System Security Plan	4.4.2.13	5
4.4.3.14	Project Wide Training Plan	4.4.2.14	5
4.4.3.15	Contract Transition Plan	4.4.2.15	5
4.4.3.16	Project Wide Business Continuity/Disaster Recovery Plan	4.4.2.16	5

We have reviewed the required deliverables for RFP Section 4.4, Planning and Administration, and we will comply as illustrated in Table VI-2.

Table VI-2. Planning and Administration Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.4.3.1	***Detailed Project Plan and Schedule***	***4.4.2.1***	***15***	✓
4.4.3.2	***Project Status Meetings***	***4.4.2.2***	***N/A***	✓
4.4.3.3	***Project Status Report***	***4.4.2.3***	***5***	✓
4.4.3.4	***Communication Plan***	***4.4.2.4***	***10***	✓
4.4.3.5	***Retailer Transition and Certification Plan***	***4.4.2.5***	***10***	✓
4.4.3.6	***Risk Management Plan***	***4.4.2.6***	***10***	✓
4.4.3.7	***Quality Assurance Plan***	***4.4.2.7***	***10***	✓
4.4.3.8	***Change Management Plan and Control Procedures***	***4.4.2.8***	***10***	✓
4.4.3.9	***Knowledge Transfer Plan***	***4.4.2.9***	***10***	✓
4.4.3.10	***Post Implementation Evaluation Review***	***4.4.2.10***	***5***	✓

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.4.3.11	Conversion and Implementation Plan	4.4.2.11	5	✓
4.4.3.12	System Test Plan	4.4.2.12	5	✓
4.4.3.13	System Security Plan	4.4.2.13	5	✓
4.4.3.14	Project Wide Training Plan	4.4.2.14	5	✓
4.4.3.15	Contract Transition Plan	4.4.2.15	5	✓
4.4.3.16	Project Wide Business Continuity/Disaster Recovery Plan	4.4.2.16	5	✓

4.5 PROJECT WIDE SYSTEM TRANSFER AND IMPLEMENTATION

We address your project wide system transfer and implementation requirements throughout our response to this RFP section.

4.5.1 Objective

The objective of this task is to ensure that the contractor's activities will result in a successful project completion.

- System Design Confirmation
- Testing and Data Conversion
- Training
- Implementation
- On-going System Operations

Bringing Benefits and Meeting Objectives
• ***We have completed all EBT program implementations and transitions on schedule providing you with the confidence that your programs will be implemented successfully without disruption to cardholders, retailers, vendors, or staff.***
• ***Our Project Plans are modeled on our Project Management Methodologies, which are modified after each transition, implementation, and conversion so that future customers benefit from our lessons learned.***
• ***We provide constant communication with State and program stakeholders throughout all phases of project, addressing and eliminating roadblocks as they arise.***

Having a contractor with experience in concurrently implementing multiple electronic payment programs increases the assurance that your EBT Programs will be a success while decreasing the risks involved when transitioning to a new system. With every new state we serve, our methodologies evolve and expand to include all lessons learned so that we can better assist each of our customers and their unique programs.

Success Story: At-A-Glance

Client: Utah Department of Workforce Services (DWS)

Focus: Smooth Transition of EBT System

Our transition team, led by Project Manager Todd Halter, PMP, and Program Manager Denise Adaway, PMP, **converted more than $12 million in SNAP and cash benefits to our system for more than 90,000 active cardholders. The State is very pleased with the performance of the team and with the outstanding job they did to ensure this transition was completed successfully.**

Please see our response to RFP Section 5.1.10 for full details.

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Multiple Implementation Experience

In 2016, we worked with the state of Tennessee to implement four Electronic Payment Card (EPC) Services programs that were scheduled to go live in June of that year. Not only did we successfully complete the implementations on time, but as a result, Tennessee has chosen to implement our EBT Connect solution, scheduled to go live in February 2018, as well as our WIC Connect solution, which is on track to go live in April 2018.

As another example, in 2016, we began working with North Dakota on six EPC Services programs, which include child support, corrections and rehabilitation, TANF, child care assistance, unemployment insurance, and worker's compensation coverage. All of these programs went live as scheduled in June 2017. Also, as shown in the Success Story on this page, in 2016 we successfully converted more than 90,000 cardholders to our EBT Connect solution on EPPIC in Utah as well.

These are just three examples from many where we not only stayed true to the go-live date, but implemented multiple programs with minimal disruption to cardholders, retailer, vendors, and staff. Exhibit VI-1, shown later in this section, shows the states, state systems, and EBT caseloads we have converted to EPPIC, the provider whose format we converted, and the downtime associated with each conversion.

Our experienced staff has decades of knowledge gleaned from working in multiple areas of the EBT industry. Leading our staff is Angie Hernandez, our project manager for the SNAP/TANF EBT Programs and Jeff Vinsant, our project manager for the WIC EBT Program. Lastly, we offer our PMM that combines industry standards, best practices, and our own practical experiences to deliver effective, repeatable processes, strong controls, informative implementation reports, and ongoing communication between our teams and your staff. The resumes of our staff are found in Section VIII, Attachment H – Proposed Staff Resume. Please see our response to RFP Section 5.7, Project Management for more information about our PMM.

Activities for System Transfer and Implementation

The Project Plan is the driving force for our program life cycle. The plan ensures that activities such as system design confirmation, testing and data conversion, training, implementation, and on-going system operations are performed resulting in a successful project completion. To support the successful project completion, we commit to perform the activities as outlined in the following subsections.

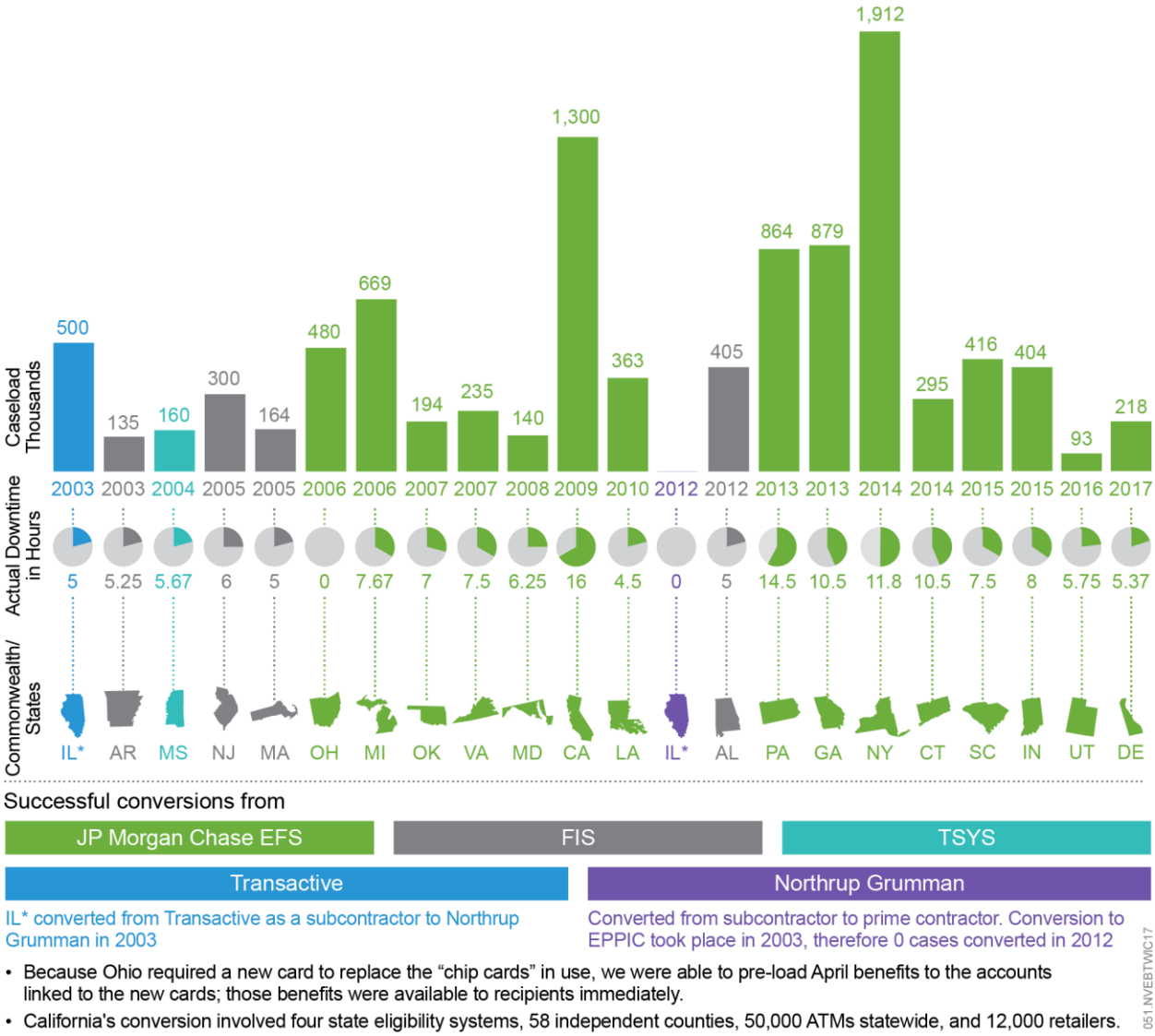


Exhibit VI-1. EBT Database Conversion Experience

Conduent has unmatched EBT conversion experience based on our history of successfully transitioning numerous state EBT systems from five different contractors.

4.5.2 Activities

The following are activities necessary to complete the system transfer and implementation.

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.5, Project Wide System Transfer and Implementation, and ensure that DHHS' objectives are met. Our response to each RFP section includes our solution for all three EBT Programs. Where our WIC Connect solution differs from our EBT Connect solution, we explain the differences under a heading entitled "WIC EBT Program Variances" when applicable.

4.5.2.1 System Implementation Tasks

A. The EBT contractor will be responsible for directing and completing all tasks to implement the new system from the current FIS/CDP system with minimal disruption for any cardholders, vendors/retailer or staff.

B. The EBT contractor shall support Program state and local enablement by providing the onsite support and support via phone during the first weeks of implementation of the new system operations according to the approved system rollout schedule.

C. The EBT contractor shall support retailers/vendors by providing onsite support or support via telephone during the system rollout schedule. The EBT contractor shall support retailer enablement by performing, at a minimum, the following implementation functions:

1. Identify support needed by each retailer, designated agent, and third party processor;

2. Provide interface specifications to retailers, their designated agents and third party processors, as applicable;

3. Establish agreements with retailers, their designated agents and third party processors, as applicable;

4. As approved by the State, install ECR/POS solutions or stand-beside POS solutions or terminals, and train retailers on their use;

5. Report to the Project Management Team any issues associated with scheduling or installing its stand-beside solution at retailer locations;

6. Support the Programs with test cards, the establishment of a test environment and back-end system monitoring to enable the State to conduct retailer system certification testing and shall include on-site support if requested by the Project Management Team; and

7. Provide regular reports on the status of retailer enablement for the WIC Programs.

D. The contractor shall provide Project Implementation Report(s). These reports will be provided, starting with the system conversion process, approximately 3 weeks before the start of the conversion. The report is a summary by task of major completed and scheduled activities during the reporting period for the conversion activities such as the status of:

1. POS device deployment and installation;

2. ATM availability and location;

3. Training (State, county, recipients and retailers);

4. Card issuance; and

5. Retailer agreements.

E. The reports shall include problem identification, required corrective action and timeframe for resolution. The reports shall include details of delayed tasks, the reason and revised completion date(s), if applicable, and the scheduled activities for the next reporting period.

Conduent has reviewed and complies with this section's RFP requirements. ***The Project Plan and our PMM are the foundation of our transitions and the roadmap we follow. The Project Plan identifies the project scope, timeframes, key activities, resources, tasks, deliverables, critical paths, and dependencies. Moreover, the Project Plan is a living document that includes the schedule of deliverables and milestones required throughout the life of the program and demonstrates the interrelationships between all tasks. The Project Plan and our PMM are used to direct and complete all tasks needed to transition your programs and verify complete conversion to EPPIC from the current systems. Our knowledgeable staff combined with our past experiences assisting other customers with simultaneous implementations will be used to assure there is minimal disruption for any cardholder, retailers, vendors, or staff.***

State Staff Support

Your staff will be given training before implementation along with training materials to help assist them later should they need to reinforce what they learned. Along with training, they will be able to contact EPPIC24, our technical support help desk, through a toll-free number 24/7/365. Your staff will be given thorough and detailed training and instruction on how to work with both the EBT Connect and WIC Connect solutions. Additional support as needed will be provided throughout the life cycle of the contract. Please see our response to RFP Section 4.8.2.7, SNAP and TANF State and Local Agency/Office, for more information about EPPIC24.

Retailers/Vendors Support

All retailers/vendors will be given the same level of support as State staff. For retailers/vendors, our subcontractor CDE Services, Inc. (CDE) uses the ship-and-train method. CDE provides each retailer/vendor the appropriate POS device and a toll-free number to call. The retailer/vendor calls the toll-free number where an experienced customer service representative (CSR) assists them through the process and verifies proper installation. Training materials will be given to retailers/vendors to reinforce what they learned. We provide toll-free help desks for retailers who require on-going assistance with SNAP/TANF questions, as well as one for vendors who require on-going assistance with WIC questions. Each help desk has a toll-free number and is available 24/7/365. Table VI-3 demonstrates the implementation functions we support. Please see our response to RFP Section 4.8, SNAP/TANF Help Desk/Customer Service, for more information about our help desk. Note also that we fully comply with the WIC vendor customer services requirements described in RFP Section 4.14.2.14, Manage WIC Retailers and Retailer Transactions.

Table VI-3. Supported Implementation Functions

Functions	Supported
Identify support needed by each retailer/vendor, designated agent, and third party processor	✓
Provide interface specifications to retailers/vendors, their designated agents, and third-party processors, as applicable	✓
Establish agreements with retailers/vendors, their designated agents, and third party processors, as applicable	✓
As approved by the State, install ECR/POS solutions or stand-beside POS solutions or terminals, and train retailers/vendors on their use	✓

Functions	Supported
Report to the State project management team any issues associated with scheduling or installing its stand-beside solution at retailer/vendor locations	✓
Support the EBT Programs with test cards, a test environment and back-end system monitoring to enable the State to conduct retailer/vendor system certification testing and includes on-site support if requested by the project management team	✓
Provide regular reports on the status of vendor enablement for the WIC Programs	✓

Project Implementation Reports

Starting with the system conversion process, approximately three weeks before the start of conversion, we provide Project Implementation Reports. The report provides key information regarding the status of the project during the conversion process and includes a summary of the major tasks and scheduled activities completed during the reporting period. The report includes the status of conversion activities such as:

- ***POS device deployment and installation***
- ***ATM availability and location***
- ***Training (State, county, cardholders, retailers, and vendors)***
- ***Card issuance***
- ***Retailer agreements***

The Project Implementation Reports include problems identified during the reporting period, the required corrective action, and the timeframe for resolution. It identifies tasks required by federal agencies and DHHS, as well as reports of identified delayed tasks, reasons for any delays, revised completion dates, and the scheduled activities for the forthcoming reporting period. Since conversion reporting is particularly important, we validate conversion reporting data during our multiple dry-run conversion tests.

4.5.2.2 Risk Management

A. The EBT contractor shall submit a preliminary overall Project Schedule in MS Project and a PDF version no later than two weeks following contract execution. The Project Schedule defining all timeframes, start dates and end dates, Contractor staff resources assigned and an estimate of the Programs staff required resources for all project-wide tasks and deliverables. All deliverables identified within the project schedule are subject to Project Management Team review and approval. The final Project Schedule, which will serve as the baseline document, must be provided ten (10) business days following the receipt of the written comments from the State.

B. The EBT contractor shall include, as part of the Project Management Plan (refer to ***Section 5.7 Project Management***), a Change Management Plan.

C. The EBT contractor shall use an electronic tool, such as SharePoint, for change management purposes. The Change Management Plan will be developed with a focus on EBT system functional and technical baseline and change requests, and the EBT contractor's approach to addressing design issues, remedial changes, State-initiated change requests, conformance to Federal regulations and Operating Rules for WIC EBT, and self-initiated changes. The Change Management Plan must define roles and responsibilities and assure the State that

no changes to the EBT system will be undertaken without the Project Management Team's prior knowledge and approval. The Change Management Plan shall include the procedures for changes and upgrades to all EBT system documentation and manuals.

D. The Project Plan and Schedule shall be updated as needed throughout the project. Changes in the schedule, either timeframe or activity changes, must be approved by the Project Management Team prior to the Contractor making the schedule changes. Once changes are approved the EBT contractor shall present a full description of the updates in the Project Plan and Schedule and define the rational or impact on the project.

Conduent has reviewed and complies with this section's RFP requirements. ***Identifying risks and possible road blocks before and during different phases of the project is essential for smooth transition and conversion of data. Our PMM has processes and tools to assist us in avoiding, transferring, and mitigating risk throughout the contract life cycle. Please see our response to RFP Section 5.7.10, Risk Management, for more information about risk management.***

Project Schedule

The Project Schedule is a tool we use to list timeframes, start and end dates, staff assigned resources, estimate program staff required resources for all project-wide tasks and deliverables, milestones, and activities. By listing all of this information, we can identify possible risk factors and the best way to overcome them. No later than two weeks following contract execution, we will submit a Preliminary Project Schedule in MS Project along with a PDF version. We agree that all deliverables identified within the Project Schedule are subject to project management team review and approval. We agree the Final Project Schedule, which will serve as the baseline document, must be provided 10 business days following the receipt of the written comments from the State.

The Project Plan and Project Schedule are living documents that will be updated as needed throughout the project. We agree that timeframe or activity changes in the schedule must be approved by the project management team before we adjust the schedule. Once approved, we will present a full description of the updates in the Project Plan and Project Schedule and define the rationale or impact on the project.

Change Management Plan

Our Project Management Plan encompasses a Change Management Plan that is necessary for large-scale projects as they require methods for controlling the introduction of changes into the system. Our Change Management Plan is developed with your project management teams by reviewing existing State policies and standards so we can create, document, and review final change management processes to be applied throughout the project. In addition, the Change Management Plan defines roles and responsibilities as well as procedures for changes and upgrades to all EBT system documentation and manuals. We agree to use an electronic tool, such as SharePoint, for change management purposes. The Change Management Plan will be developed with a focus on EBT system functional and technical baseline, change requests, and our approach to addressing design issues, remedial changes, State-initiated change requests, conformance to federal regulations and Operating Rules for WIC EBT, and self-initiated changes.

4.5.2.3 Contract Closeout Requirements

A. The EBT contractor shall work with the Project Management Team and any other organization designated by the State to facilitate an orderly transition of services at the end of the contract term. The EBT contractor shall work in a professional manner with the next

contractor to execute a smooth and timely transition at the end of the contract term. The State reserves the right to serve as a mediator between the EBT contractor and the new contractor, and subcontractors. The EBT contractor shall allow for fallback to its system in the case of database conversion failure.

B. At the termination of the contract, the EBT contractor shall transfer all online and archived EBT data, to include, at a minimum, five complete Federal Fiscal Years, to an entity specified by the State and ensure accuracy and readability of such information at the new location. The EBT contractor shall perform any and all necessary data base cleanup necessary for data transfer; database cleanup shall be completed six months prior to the end of the contract term. The EBT contractor shall provide data mapping to support the data transfer.

C. At a minimum, the transferred data shall include the complete history of:

1. Local Agency/Clinic Information;
2. Vendor/Retailer Data;
3. EBA Data;
4. Card Data (EBT~~ **and Branded**~~);
5. PIN Data;
6. Issuance Data (as applicable);
7. Transaction Data;
8. File Transfer Data;
9. Category/Subcategory Data;
10. UPC/PLU Data;
11. NTE Data;
12. APL Data;
13. ARF Data; and
14. Settlement Data.

D. Additional closeout activities include but may not be limited to the following:

1. At the Project Management Team's discretion, the use of the toll-free numbers used to provide cardholder and vendor support shall be transferred to the Programs.

2. The Programs shall retain ownership of any and all EBT cards produced and not issued to cardholders at the end of the contract term, including cards produced and not yet shipped by the EBT contractor.

3. The State's BIN/IIN shall revert back to the State at the end of the contract period.

4. The EBT contractor shall provide the Project Management Team an electronic record on a portable token (e.g., external hard drive, CD, flash drive) of all system-related documents prepared for the Programs and held in the document repository.

5. If POS terminals have been leased, the EBT contractor shall allow the State, if interested, to purchase the terminals at their depreciated value. If appropriate, the existing POS terminal transactions may be re-redirected via the gateway during transition until either replaced or purchased.

6. Within 30 days of the contract closeout, the EBT contractor shall provide a final reconciliation and closeout report to the Project Management Team.

Conduent has reviewed and complies with this section's RFP requirements. ***We know that the goal of your three EBT Programs is to help cardholders who need assistance providing for themselves and their families. Throughout the life of the contract, we will work with you to provide on-going system operations and provide a level of service that meets or exceed your requirements. At the expiration of our contract, Conduent will provide an orderly transition to a new contractor and will provide total support to the State.***

As the end of the contract gets near we will develop a contract closeout plan that clearly identifies and documents Conduent's and Nevada's activities and responsibilities required to successfully convert to a new contractor on the target cutover date.

We will work with your project management teams and any other organization designated by you to facilitate an orderly transition of services at the end of the contract term. We understand the State reserves the right to serve as a mediator between the EBT contractor and the new contractor, and subcontractors. In case of database conversion failure, we will allow for fallback into our system.

At the termination of the contract, we agree to transfer all online and EBT data from the past five federal fiscal years to an entity specified by the State and to ensure accuracy and readability of such information at the new location. At a minimum, the transferred data will include a complete history of:

- ***Local agency/clinic information***
- ***Vendor/retailer data***
- ***EBA data***
- ***Card data (EBT)***
- ***PIN data***
- ***Issuance data (as applicable)***
- ***Transaction data***
- ***Filer transfer data***
- ***Category/subcategory data***
- ***UPC/PLU data***
- ***NTE data***
- ***APL data***
- ***ARF data***
- ***Settlement data***

We will perform all necessary database cleanup needed for data transfer six months before the end of the contract term. We agree to provide data mapping to support the data transfer.

The information in Table VI-4 shows our agreement to the additional closeout activities.

Table VI-4. Additional Closeout Activities

Activities	Agreed
At the project management team's discretion, the use of the toll-free numbers used to provide cardholder and vendor support shall be transferred to the EBT Programs	✓
The EBT Programs shall retain ownership of any, and all EBT cards produced and not issued to cardholders at the end of the contract term, including cards produced and not yet shipped by Conduent	✓
The State's BIN/IIN shall revert back to the State at the end of the contract period	✓
We provide the project management team an electronic record on a portable token (e.g., external hard drive, CD, flash drive) of all system-related documents prepared for the EBT Programs and held in the document repository	✓
If POS terminals have been leased, Conduent will allow the State, if interested, to purchase the terminals at their depreciated value. If appropriate, the existing POS terminal transactions may be re-redirected through the gateway during transition until either replaced or purchased	✓
Within 30 days of the contract closeout, Conduent provides a final reconciliation and closeout report to the project management team	✓

4.5.3 Project Wide System Transfer and Implementation Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete. These deliverables are those which will be needed by all three (3) programs included in this contract.

4.5 PROJECT WIDE SYSTEM TRANSFER AND IMPLEMENTATION			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.5.3.1	System Implementation Tasks	4.5.2.1	~~10~~ **N/A**
4.5.3.2	Risk Management	4.5.2.2	5
4.5.3.3	Contract Closeout Requirements	4.5.2.3	~~10~~ **N/A**

We have reviewed the required deliverables for RFP Section 4.5, Project Wide System Transfer and Implementation, and we will comply as illustrated in Table VI-5.

Table VI-5. Project Wide System Transfer and Implementation Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.5.3.1	***System Implementation Tasks***	***4.5.2.1***	***N/A***	✓
4.5.3.2	***Risk Management***	***4.5.2.2***	***5***	✓
4.5.3.3	***Contract Closeout Requirements***	***4.5.2.3***	***N/A***	✓

4.6 PROJECT-WIDE SYSTEM TESTING

We address your project-wide system testing requirements throughout our response to this RFP section.

4.6.1 Objective

Following the completion of program-specific paradigm reviews, system requirements and design specifications validation and design, modification and/or configuration of its system to conform to the approved system design, the Contractor will complete System Testing.

Bringing Benefits and Meeting Objectives

- ***Test plans, built from real-world use cases drawn from your unique EBT and WIC program experience and our two decades of EBT transaction processing and state support, come together to create a system testing methodology that fits your requirements and provides you the confidence that your EBT Programs are functioning as designed.***
- ***Pre-approval of all test plans, combined with the Detailed Functional Design Document, mean that you have the ability to review all test planning, eliminating any apprehension prior to system implementation.***
- ***Transparency and inclusion in our testing helps to make you comfortable that the services you are receiving are working correctly and that the system provides the usability for your staff, clients, retailers, and vendors that you expect, making the transition to a new system much easier for your project management teams.***

When we make claims of the superior functionality and performance of our Connect solutions for EBT and WIC, we expect and encourage the State of Nevada and all our state customers to request that we substantiate them. For each new project we deliver, we develop and execute extensive test plans approved by the State, to not only prove our system to our customers, but also to support our commitment to innovation and continuous improvement. Our comprehensive testing includes at a minimum, performance testing, connectivity testing, stress testing, contingency testing, and testing of our backup and recovery processes.

We are confident our testing methodology, proven in our 21 highly successful electronic EBT conversions from five former contractors and our 10 statewide online WIC EBT implementations, provides you with verified processes and methodologies described in the remainder of this section.

During the Development Phase, all EPPIC software is examined and modified or developed in accordance with State requirements and documentation developed during the Design Phase. Initial unit testing occurs concurrently with software development. Subsequent internal testing, system testing, and the functional demonstration also take place during this phase. The culminating testing is the User Acceptance Testing conducted by your agencies. This phase likewise features completion of the system documentation, as well as the preparation of materials for training cardholders, retailers, vendors, and State staff in advance of the transition.

All of our testing is designed and executed with the goal of transitioning into production, a system that meets all of your goals from day one without wasting your time and ours on "bug" fixes for defects or omissions that should have been identified in testing. We routinely complete all of the tests listed throughout the remainder of this section and look forward to discussing them in detail with you.

System Development Life Cycle Testing Plan

The System Development Life Cycle (SDLC) Testing Plan contains a complete and detailed description of our life cycle testing approach, including the extent of integration testing needed to confirm that EPPIC and the State systems interface and operate as designed. This plan includes a description of each test to be performed

during the project. The purpose of adhering to an SDLC Testing Plan approach is to make sure that any changes made by us, DHHS, or FNS are properly tested prior to being introduced into the production environment. We commit to formally testing any changes to Conduent or State systems before introducing them into production. The plan is delivered to the State following contract award and within the timeframes prescribed in the Project Plan.

The Design Phase incorporates all planning and documentation of requirements and test plans. These test plans outline the test purpose, methodology, and the testing environment. The functional demonstration, system and network tests, IVR test, interface and acceptance tests all take place during the Development Phase, prior to the Implementation Phase. Transition testing is complete with migration, and provides confirmation of system integrity upon system rollout. While USDA FNS requirements mandate at least two trial runs of the Conversion Testing prior to the actual database conversion, we perform at least three to validate the process.

For your EBT Programs you can be confident in our conversion and transition capabilities. As noted, we have successfully completed 21 EBT program conversions, far more than any contractor in the industry. Again, we complete a minimum of three "mock" conversions to confirm all data, accounts, and functions are converted perfectly. In fact, we have never dropped a penny during a conversion.

Our planning and preparation helps provide assurance of success in all of our testing. Throughout all testing, including:

- ***Unit testing***
- ***UAT***
- ***Contingency***
- ***Fail-Over testing***

We work with all three EBT Programs to obtain your approval of the test plans and make sure you are properly trained in system functionality to perform testing. We provide all test results to you for review and always obtain your approval prior to moving any code to production.

During the Operations Phase, this reliable, repeatable, thorough process is used for any enhancements or changes made to the system. Changes made during the Operations Phase are fully tested, approved, and documented prior to deployment. The testing process flow is shown in Exhibit VI-2.

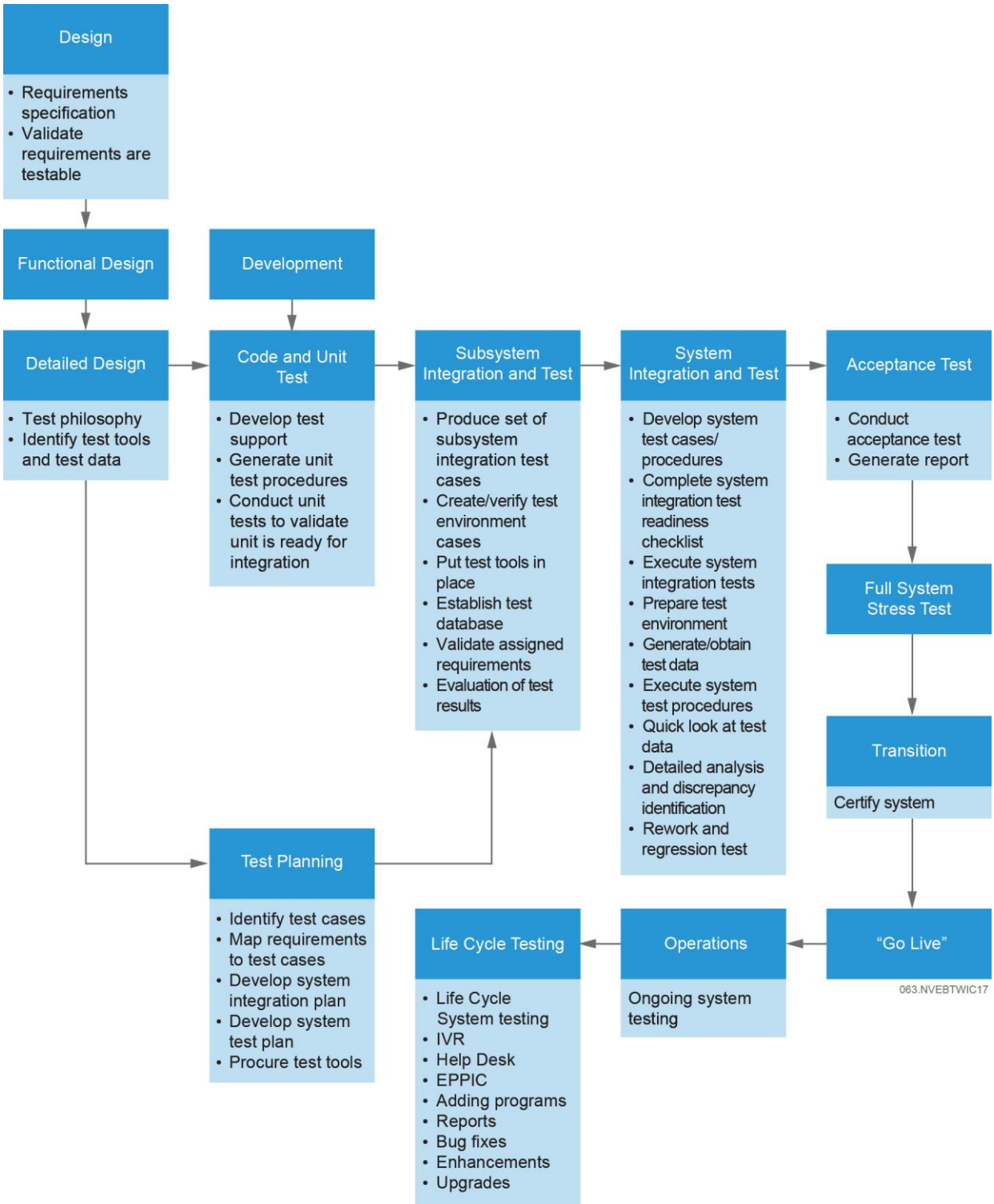


Exhibit VI-2. System Wide Testing Process Flow
Thorough testing throughout the project ensures compliance with functional and technical performance.

System Testing

The following paragraphs provide a brief overview of our testing processes.

Access to Testing. ***We submit all test plans for your approval prior to implementing the testing so that you know not just how we are completing the testing, but the expected outcomes that validate successful tests. We provide access to our test platforms to support your testing of the full range of EBT functionality. This includes Administrative Terminal and point-of-sale (POS) terminal access to the test system and an interface with your test systems, including connectivity between your test database(s) and our test system. Approximately four months before the scheduled database conversion, we will provide full access, both online and batch, to the test database for authorized agency staff.***

All testing activities are planned and tracked according to a carefully managed schedule. Your staff will access the test database for the purpose of testing and approving all RFP and agency-requested modifications before they are implemented in the production system. All online functionality can be tested remotely by your staff through their Administrative Terminal. We provide a combination of Verifone POS devices and ATM/POS simulators to test functionality, including personal identification number (PIN) selection. We continue to provide access to the test system throughout the contract term.

Testing Environment. ***The test system mirrors the production system in all technical and functional aspects, including system configuration, operating systems, and databases, from demographic and benefit file processing to POS transactions to settlement functions and reporting. The only real difference is that the test environment does not typically use redundant servers unless fail-over and recovery is the requirement being tested. The test environment uses the EPPIC system management service (SMS) to monitor all activity pertaining to joint testing of system and software changes. Our software staff is directly responsible for assisting you with the tests, configuring the test environment, and making relevant modifications to the code, should a defect appear. If an issue with the code arises, or with data resident in the test environment, the change is re-examined in the normal development, retested, and subjected to all quality assurance processes before being placed back into the test environment.***

At a minimum, we provide access to our test environment in the following ways:

- ***Your agencies securely transmit online and batch files to the Conduent test environment to validate software and system changes. We process incoming test files and provide return test files to the appropriate agency. These files are identical in format to the files that would be returned to you in the production environment. In addition, we respond to requests to provide any specialty test files needed for specific developmental projects. Typically, the test files are returned immediately after processing is complete, including any batch exceptions or rejections.***
- ***Agency staff may monitor, in real time if needed, the activities of our test platform.***
- ***We provide access to the administrative system for your EBT Programs. We support testing on your schedule. We plan the testing with you and provide all necessary assistance to create a thorough and successful test. This includes making the test system available for routine and emergency testing at your request.***
- ***We inform key agency personnel promptly when the test platform will be down, is down, or is inaccessible for any reason.***
- ***We coordinate testing times between you and the necessary endpoints, including gateway processes, to confirm real-time transaction/transmission availability.***
- ***We assist with testing of real-time host-to-host or client-to-host processing of files and records between your agencies and Conduent on the test platform.***
- ***We coordinate, on your request, all phases of testing between our test platform and your user groups.***
- ***We support agency-specific testing, including direct interface testing with your systems and/or modifications made to the EBT Programs at your request.***
- ***We provide a test environment that replicates the production environment, including the EBT administrative system and daily processing routines.***

We obtain your approval before conducting all tests. The goal of our test methodology is to find and repair problems as early as possible. Not only is the early resolution of problems the most cost-effective course of action, but solving problems early reduces the risk of problems being detected later in the development cycle when they might have additional operational impact.

4.6.2 Activities

The EBT contractor shall create a test environment and conduct system testing in preparation for the Functional Demonstration and UAT. The EBT contractor shall use Nevada system configuration, Nevada Programs' data and other aspects of the Nevada system to be implemented, as much as possible. The EBT contractor shall inform the Program Management Team of the results of System Testing completed by the Contractor's staff throughout the system testing. Types of testing should include, but may not be limited to, all aspects of performance testing, connectivity testing, stress testing, contingency testing, back-up and recovery process as further defined below.

Prior to the Functional Demonstration and UAT, we create a replica of the production database to assist in test setup and test accuracy and use transaction simulators to run production transaction volumes through the system. The following sections describe our commitment and approach to testing your system, including performance testing, connectivity testing, stress testing, contingency testing, and back-up and recovery processes. To the extent possible, we will use production data from your existing EBT Programs to conduct the tests. Exhibit 063.NVEBTWIC17, shown previously, illustrates our testing process flow.

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.6, Project-Wide System Testing, and ensure that DHHS' objectives are met. Our response to each RFP section includes our solution for all three EBT Programs.

4.6.2.1 Performance (Stress) Testing

The purpose of this test is to ensure that there is sufficient capacity within the EBT system to handle the expected volume of transactions from the Nevada programs' users and their transactions to a central database. The EBT contractor shall use results from the stress test to formulate a system capacity model to determine the appropriate hardware and software requirements and configuration so that the EBT system can accommodate the anticipated transaction volumes.

Conduent has reviewed and complies with this section's RFP requirements. We conduct performance stress testing to demonstrate that there is sufficient capacity within EPPIC and the communications network to handle the expected and potential additional transaction volumes for your three EBT Programs. Performance testing is broken down into two components: volume and stress. The purpose of volume testing is to determine that sufficient capacity exists in the system to handle anticipated peak volumes. These volumes are derived from your current program caseloads, with an upward adjustment for an anticipated trend of increasing caseloads as a baseline for the test.

Stress testing attempts to determine the maximum capacity of the system configuration as a whole and is, therefore, a more destructive type of test in which transactions are run at an escalating rate until there is a system indication that the maximum rate has been or is about to be reached. We perform both volume and stress tests on the actual production platform, in order to identify the system's capacity and rigorously test the software and hardware components.

For the performance stress test, we develop a capacity plan, as part of the overall Test Plan, which details the methods and data models used to ensure scalability of the EBT system. Within the capacity plan, we use the most current transaction volume figures available to calculate the simulated transactions per minute (TPM). For our preliminary estimates, we model our average monthly EBT volume of retailer/vendor transactions using other states' transaction levels as the baseline.

For example, using an average of six WIC EBT transactions per household per month, and the Nevada WIC caseload of 45,700 households between the two agencies, we round up to assume 46,000 households times six transactions per household, which results in an estimated volume of 276,000 transactions per month.

To anticipate peak volumes, we use a proven and aggressive formula to ensure that the maximum volume tested is never exceeded. As noted in the following TPM calculation table, the computation of the daily peak volume uses a factor of 10 rather than 30 or 31 days in the month. This results in a figure that is three times higher than would otherwise be calculated to compensate for the loading of the majority of benefits in the first two weeks of each month. We know that EBT benefits can be issued on a rolling month versus a calendar month, therefore, we work with your staff to determine appropriate test criteria to support the WIC EBT performance test. Hourly peak volumes are derived by using a 10-hour calendar day rather than a 24-hour calendar day. This calculation is performed to acknowledge the fact that the majority of transactions occur during normal business hours or into the early evening.

Performance testing is conducted in conjunction with UAT, so both the volume and stress tests are demonstrated during the UAT for the State and USDA FNS. The results of these performance tests are documented in the final test reports and provided to Nevada. Unlike some volume tests used by other contractors, we actually reconcile the results of the transaction activity. We provide reconciliation and reporting of the volume test activities to ensure that the system cannot only handle the peak volumes, but also reconcile and report on the data processed. This is obviously more difficult, but it likewise is a more rigorous test of the system and demonstrates EPPIC's robust architecture design.

This ability to process and reconcile volume traffic has been demonstrated during all FNS tests of EPPIC. We stress test the system at 150 – 200 percent of peak caseload volume during internal tests and the user acceptance test. In every state user acceptance test, we average between 1,500 – 1,650 transactions per minute.

4.6.2.2 Vulnerability Testing

Prior to moving to the EBT system production and at a minimum of once per year during operations, the EBT contractor shall perform vulnerability testing (assessment) on the EBT system. The vulnerability assessment must test the system to locate, diagnose and correct areas of weakness that might make it susceptible in times of crisis, attack, or destabilization. The EBT contractor shall provide the Nevada EBT Project Manager with a summary report of the results of the vulnerability assessment and any corrective actions that need to be taken. In addition to conducting vulnerability testing prior to system implementation, additional vulnerability tests may be requested during the operations phase following major system changes or following a security breach.

Conduent has reviewed and complies with this section's RFP requirements. As noted, our systems have never suffered a security breach and we continuously conduct vulnerability testing throughout the projects to make sure your systems and data are safe and secure. Our risk management processes include testing for any possible weaknesses before implementation and a minimum of yearly. We also will provide the Nevada EBT Project Manager with a summary report of the results of our vulnerability assessments and any corrective actions that need to be taken. Please see our response to RFP Section 3.4, Security Standards, for more information about security testing.

4.6.2.3 Contingency Testing

A. Contingency planning and testing ensures that essential (mission-critical) EBT operations will continue if normal operations are disrupted at either the EBT contractor's or the applicable Program's primary site. The State requires that the EBT contractor establish a fail-over site, with full computer systems and complete or near-complete back-ups of user data, for continued operations in case of failure at the primary operations site.

B. The EBT contractor shall provide an escalation process that includes notification of Nevada EBT Project Management Team. The EBT contractor shall provide post-incident recovery procedures to facilitate the rapid restoration of normal operations at the primary site or, if necessary, at the fail-over site, following destruction, major damage or other significant interruptions of the primary site. During the operations phase, contingency testing shall be conducted twice annually at six-month intervals to ensure that back-up operation plans are adequate. The State requires documentation of testing, including test results and a corrective action plan, if tests indicate a correction needs to be made.

Conduent has reviewed and complies with this section's RFP requirements. ***We test our contingency plans under real-world conditions to confirm that EPPIC and all related service elements are fully prepared to continue providing all required EBT services if normal operations are disrupted at our primary or back-up operations sites, or if a disaster has been declared.***

Based on prior disaster contingency testing for the other state programs we operate, the amount of time we anticipate is necessary to move operations to and from the redundant back-up (located within the primary data center) and external hot backup site due to outages is shown in Table VI-6.

Table VI-6. Operations Transfer to Backup

Data Center	System Operations Cutover	Estimated Time
Primary Data Center	***Primary system to redundant system***	***Five minutes***
Primary Data Center to Backup Data Center	***Primary/secondary system to remote hot site system***	***One hour****
Backup Data Center to Primary Data Center	***Remote hot site system to primary/secondary system***	***One hour****

****Instructing all interfacing entities to communicate with the remote back-up system takes more time than primary system to redundant system cutover.***

When an outage occurs at the primary site, we provide rapid notification to the State, typically using the following steps:

1. ***Our operations manager identifies a system outage:***
   a. ***Immediately notifies our EBT project managers***
   b. ***Conduent notifies State officials of the event***
   c. ***Identifies the estimated downtime***
   d. ***Makes a recommendation to move operations to the designated backup system***
2. ***Upon cutover, a notification message is placed on the IVR to inform cardholders and retailers/vendors of the outage and any special procedures.***
3. ***Other stakeholders are alerted as appropriate.***

We notify your staff immediately of the event and keep them informed as a cutover decision is made. Our Business Continuity/Disaster Recovery Plan details our notification and escalation procedures, and we work with you to revise, as necessary, the current disaster declaration criteria and timeframes to confirm they remain acceptable to all stakeholders.

Please see our response to RFP Section 4.9, Project Wide Disaster Recovery and Support, for more information about our contingency testing and system fail-over procedures.

4.6.2.4 Connectivity Testing

Prior to system implementation, connectivity testing shall be conducted between the WIC, SNAP and/or TANF Programs' MIS/certification/eligibility systems and the EBT system. This includes testing all interfaces between the primary and fail-over systems.

Conduent has reviewed and complies with this section's RFP requirements. As described in our response to RFP Section 3.2, Technical Requirements, our connectivity to your WIC, SNAP, and TANF MIS/certification/eligibility systems is designed to provide maximum performance and reliability between all systems, and is tested prior to implementation and throughout the project between your systems and both the primary and fail-over systems.

4.6.2.5 Interface Testing

A. Interface testing is conducted to ensure that all files sent between the State Programs' MIS/certification/eligibility systems and EBT contractor systems are properly received, accepted and accurately processed. Interface testing of all Programs' systems (WIC, ITCN, SNAP and/or TANF) shall demonstrate rejection of duplicate files or records and correction of transmission errors.

B. The EBT contractor shall design, develop and test the interface to the WIC MIS and the SNAP/TANF eligibility system, the WIC and SNAP EBT system and TANF Cash Benefit System. The EBT contractor shall complete thorough testing of the interfaces and ensure the interfaces for the WIC MIS, SNAP eligibility system and TANF Card System are ready for UAT.

Conduent has reviewed and complies with this section's RFP requirements. We work with you and your staff to develop test scripts that test, at a minimum, the following files and messages during the interface test:

- ***Web services messages***
- ***Account maintenance***
- ***Benefit maintenance***
- ***Vendor maintenance***
- ***Universal Product Code/Price Look Up (UPC/PLU) maintenance***
- ***Category/subcategory maintenance***
- ***Daily activity file***
- ***Batch exception reporting (reject files for duplicates or errors in the files or records)***
- ***Authorized product list (APL) maintenance***
- ***EBT balance and transaction history***
- ***Not To Exceed (NTE) calculations and maintenance***
- ***Vendor bank maintenance***
- ***Financial settlement and reconciliation***
- ***Card inventory management***
- ***Account activity file***
- ***Standard report files***

Interface test scripts are submitted to you for approval prior to interface testing. Our interface testing is designed to demonstrate rejection of duplicate files or records and correction of transmission errors efforts map all testing actions to requirements defined in the Detailed Functional Design Document (DFDD) and Detailed Technical Specifications Document (DTSD), allowing us to confirm that all requirements for each interface have been met when testing is completed. All testing will demonstrate that the interfaces are ready for UAT and ultimately implementation.

4.6.2.6 System Testing

A. After a functional demonstration, each program's proposed EBT system, and each subsequent enhancement or addition, will have to be validated by the appropriate program staff prior to being accepted for statewide implementation.

B. System testing shall be performed on all components and functional areas of the EBT contractor's EBT systems and interfaces. Any deficiencies identified during system testing must be corrected and re-tested. The Program Manager, the applicable Program staff and FNS must formally accept and approve the Program's EBT system before the system is introduced into production and operations can begin.

Conduent has reviewed and complies with this section's RFP requirements. ***As noted in our response to RFP Section 4.6.1, Objective, system testing is and has been an integral component of our system life cycle and the subsequent success of our EBT programs.***

4.6.2.7 User Acceptance Testing (UAT)

A. The UAT includes UAT for the WIC, SNAP, TANF EBT and Cash Benefits Systems. WIC, SNAP and TANF staff and FNS representatives will test system functionality to ensure compliance with the system design needed to provide all functionality for issuance, redemption, reconciliation, reporting and management of their Program's EBT or Cash Benefits system.

B. At a minimum, this test shall consist of functional requirements, security, recovery, system controls and "what if/ad hoc" testing.

Conduent has reviewed and complies with this section's RFP requirements. ***UAT includes, but is not limited to, testing of the following:***

- ***Issuance***
- ***Financial settlement and reconciliation***
- ***Program management***
- ***Recovery***
- ***Web portal functionality***
- ***IVR***
- ***System performance***
- ***Error tracking***
- ***Card issuance***
- ***Security***
- ***Redemption***
- ***Reporting***
- ***Security***
- ***Help desk/customer services***
- ***Administrative Terminal functionality***
- ***"What if/ad hoc" testing***
- ***Performance and vulnerability***
- ***Connectivity and interfaces***
- ***Benefit issuance***
- ***PIN selection***

4.6.2.8 WIC User Acceptance Testing (UAT)

A. The EBT contractor will be responsible for UAT to allow WIC system users to thoroughly test the WIC EBT system functionality, WIC EBT reporting, WIC EBT with WIC MIS interface functionality and all EBT system administrative processes. The EBT contractor will be require to write the necessary test scripts for UAT and provide those scripts to the WIC Programs' management staff for approval prior to the start of UAT. UAT shall include 'what-if', negative testing and 'ad-hoc' testing.

B. UAT will also include, but not be limited to, error tracking, IVR and Web Portal Testing, Performance (Stress) Testing and Vulnerability Testing.

Conduent has reviewed and complies with this section's RFP requirements. ***All technical and functional aspects of your WIC EBT Program are accounted for and tested during the UAT. We actively seek your input when developing the UAT test plans and scripts to be sure the testing is thorough.***

4.6.2.9 SNAP User Acceptance Test (UAT)

A. As part of the system acceptance testing, the EBT contractor must demonstrate the methods and processes for performing daily reconciliation between the SNAP system and EBT contractor interface and processing activities including financial settlement through the ACH network to the retailer's/vendor's financial institutions. UAT will be completed onsite in Carson City by representatives of each program. The EBT contractor shall provide formal test scripts for SNAP UAT activities.

B. The ad hoc or "what if" portion of the UAT shall provide the SNAP staff and FNS representatives and/or designated State or FNS technical assistance staff with the opportunity to include various transaction sets and sequences that have not been included in the test scripts and to challenge the system's operation and design.

C. UAT will also include, but not be limited to, IVR and Web Portal Testing, Performance (Stress) Testing and Vulnerability Testing.

Conduent has reviewed and complies with this section's RFP requirements. ***As a component of UAT testing, we routinely test the daily reconciliation processes and will do so with you in Carson City during your UAT. We also test the ability to produce ad hoc reports, the IVR and web portals, and all performance testing through stress and vulnerability tests.***

4.6.2.10 TANF User Acceptance Test (UAT)

TANF UAT will include testing of all areas of functionality including, but not limited to, system performance, card issuance, benefit issuance, benefit adjustments, reconciliation, reporting, Help Desk, IVR and Web Portal Testing.

Conduent has reviewed and complies with this section's RFP requirements. ***As with our UAT for WIC and SNAP, our TANF UAT tests all functionality of the system as defined in our response to RFP Section 4.6.2.7, User Acceptance Testing.***

4.6.2.11 UAT Test Scripts

In preparation for UAT, the EBT contractor will complete test scripts to be used by the Programs' staff during the program-specific UAT. The Contractor will prepare test scripts sufficient to test all functionality of the systems, including but not limited to, scenarios for card issuance, card 'PINing' at the Programs' issuance office, benefit issuance, benefit voids, benefit reissuance, redemptions, Customer Service services (IVR, web portal, help desk call center), State Office staff functions and reporting. The scripts should include the steps to complete the script, the staff position or security level for the position routinely completing the function, expected outcomes and reference to the specific section of the Operations Manual for each program explaining the function.

Conduent has reviewed and complies with this section's RFP requirements. ***We develop Nevada EBT Program test plans and test scripts in coordination with your programs' staff to include all required FNS and State test scenarios. Your staff and FNS review and approve all test scripts. The test scripts provide step-by-step instructions of the actual test and system functions to be demonstrated, including desired outcomes and test results. We work closely with you to jointly develop test data, including the creation of test cardholders as necessary.***

4.6.2.12 Data Conversion for Testing

A. The EBT contractor shall convert data necessary to complete system testing, UAT and statewide systems implementation. The EBT contractor shall test to verify the accuracy of the converted data. The EBT contractor shall also verify accuracy of all reports using the converted data prior to system implementation.

B. The EBT contractor shall provide the following Conversion Reports and shall coordinate with the existing EBT contractor, FIS/CDP, to assure all history records are converted accurately and completely. In addition, once the new EBT contractor begins EBT operations, the new EBT contractor shall continue to coordinate the daily settlement and clearing activities and reports with the former EBT contractor to assure the Program staff that all daily EBT transactions and activity are properly accounted for with the State, Federal Reserve and FNS. This coordination with the former EBT contractor shall continue until all suspense, hold, adjustment and any other EBT transactions by the former EBT contractor have been processed, reported, accounted for and transferred to the new EBT contractor.

Conduent has reviewed and complies with this section's RFP requirements. ***With multiple implementations and conversions spanning two decades, we have the experience to convert data from your existing systems to EPPIC with the confidence that the data will be complete and accurate. With careful planning and the use of a proven methodology that includes performing at least three dress rehearsals (i.e. "mock" conversions) before system cutover, we deliver a low risk, incident-free, on-time transition. We bring an open, transparent management approach that keeps you actively engaged and informed at every stage and provide comprehensive reports of the results of each conversion test.***

4.6.2.13 UAT Preparation

The EBT contractor shall prepare for the UAT by providing a test database with converted data. The EBT contractor shall complete all tasks for the preparation of the Project UAT. Preparation shall include, but may not be limited to, data conversion, central operation preparation, test bed site operation and UAT staff training.

Conduent has reviewed and complies with this section's RFP requirements. ***As noted, we provide a test database that mirrors production and whenever possible contains productions data, making the UAT a realistic testing experience that truly gives you a vision of the systems' functionality and performance.***

4.6.2.14 Training for UAT Participants

The EBT contractor shall provide training at the start of the Programs' UAT to ensure testers are able to effectively complete all steps of the scripts. A description of how the UAT training will occur shall be defined in the EBT contractor's Training Plan. The training will take place immediately prior to UAT and shall be conducted on site.

Conduent has reviewed and complies with this section's RFP requirements. ***Prior to conducting the UAT, we provide training to State and FNS staff involved as defined in our response to RFP Section 4.7.2.6, System Training.***

4.6.2.15 Support for UAT

A. The EBT contractor shall support staff completing the UAT. The testers will complete the EBT contractor's approved UAT test scripts. The EBT contractor shall provide onsite system knowledge staff to assist WIC staff in completion of test scripts and to assist in the recording of the errors in the contractor-provided error tracking database.

As part of UAT, there will be an ad hoc or "what if" portion of the UAT which shall provide the Programs' staff and FNS representatives and/or designated Program or State or FNS technical assistance staff with the opportunity to include various transaction sets and sequences that have not been included in the test scripts and to challenge the system's operation and design.

Also, as part of the UAT, the EBT contractor shall be prepared to test the Customer Help Desk, the IVR and the Web Portal, including, but may not be limited to, the ability to perform applicable functions, access and retrieve applicable information

and files, and upload files. Testers will test the viability of file formats and data contents.

Conduent has reviewed and complies with this section's RFP requirements. ***We support your UATs with a combination of on-site and remote support to provide the necessary personnel to monitor testing activities, support UAT participants, and assist in troubleshooting activities, ensuring that all interfaces with EPPIC are performing successfully and to coordinate UAT execution and validate the success of each test scenario. We have proven tools and processes in place to log identified defects and track them to resolution. As we do throughout the project, we support testing the full capabilities of your three EBT systems during UAT, including our customer service center CSRs, IVR, web portals, and all available functionality.***

4.6.2.16 Test Error Documentation and Test Reports from UAT

The EBT contractor shall document test results of the WIC UAT in system test reports. The reports shall include corrective actions or plans to remedy system errors or deficiencies identified during the UAT test. Corrective actions to remedy system errors identified during testing must be completed. The Test Report(s) must include corrective actions for all errors discovered during UAT.

Conduent has reviewed and complies with this section's RFP requirements. ***We have proven tools and processes in place to log identified defects and track them to resolution. During the UAT, SNAP/TANF Project Manager Angie Hernandez and WIC EBT Project Manager Jeff Vinsant document all defects and enter them into our defect tracking software. Once entered defects are assigned to the appropriate staff within the software development team for resolution.***

4.6.2.17 Correction of UAT Errors and Regression Testing

The EBT contractor will be responsible to provide correction to any and all errors found during UAT. Project plans for corrective action to address all errors will be completed and system tested by the EBT contractor in preparation for Regression Testing. All documented errors shall be retested and verified as working correctly. The Contractor will provide onsite staff and support for the conduct of the Regression testing to be completed by the Program staff. Only after all errors retested in Regression testing have successfully been completed and passed as working correctly will UAT be considered completed and the EBT contractor provided a Go Decision to move onto the system rollout for all Programs.

Conduent has reviewed and complies with this section's RFP requirements. ***As errors are identified during UAT they are immediately reviewed and documented. Technical staff supporting the UAT then proceed to research and correct the error. Once the error is resolved and system tested, it is moved to the UAT database where full regression testing occurs by State and FNS staff. Once all errors are resolved, the State makes the final decision to move to conversion.***

4.6.2.18 Systems' Fail-over Testing

Prior to the start of statewide rollout, the EBT contractor will be required to ensure the system backup to an alternate host is functioning correctly with the completion of fail-over testing. The details of how fail-over testing will be completed should be defined in the Contractor's Test Plan.

Conduent has reviewed and complies with this section's RFP requirements. ***As noted in our response to RFP Section 3.2, Technical Requirements, our redundant mirrored server in the primary data center immediately takes over if the primary server is not operating properly. In the event both servers in the primary data center fail, our "hot" backup system, which is synchronized in real time with the primary data center host, is activated. During testing, we provide a fail-over test to both the mirrored server and the backup site as defined in the Test Plan.***

4.6.2.19 Life Cycle Testing

The EBT contractor shall provide system life cycle testing services for the duration of the contract. The life cycle system test approach requires that the EBT system shall be tested with agreed-upon regression testing prior to being introduced into the production environment.

The EBT contractor shall meet the FNS system testing requirements, including the UAT requirements. The EBT contractor shall provide the Program staff with access to a test environment for the duration of the system life cycle.

Conduent has reviewed and complies with this section's RFP requirements. ***As detailed in our response to RFP Section 4.6.1, Objective, our commitment to testing doesn't end with a successful UAT but continues throughout your projects. We provide a test system for your use and ours in performing tests on any approved changes to the systems, including regression testing.***

4.6.3 Project Wide System Testing Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete. These deliverables are those which will be needed by all three (3) programs included in this contract.

4.6 PROJECT WIDE SYSTEM TESTING			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.6.3.1	Performance Testing	4.6.2.1	**~~10~~ N/A**
4.6.3.2	Vulnerability Testing	4.6.2.2	**~~10~~ N/A**
4.6.3.3	Contingency Testing	4.6.2.3	**~~10~~ N/A**
4.6.3.4	Connectivity Testing	4.6.2.4	**~~10~~ N/A**
4.6.3.5	Interface Testing	4.6.2.5	**~~10~~ N/A**
4.6.3.6	System Testing	4.6.2.6	**~~10~~ N/A**
4.6.3.7	WIC User Acceptance Testing	4.6.2.7	**~~10~~ N/A**
4.6.3.8	SNAP User Acceptance Testing	4.6.2.8	**~~10~~ N/A**
4.6.3.9	TANF User Acceptance Testing	4.6.2.9	**~~10~~ N/A**
4.6.3.10	User Acceptance Testing	4.6.2.10	**~~10~~ N/A**

4.6 PROJECT WIDE SYSTEM TESTING			
4.6.3.11	UAT Test Scripts	4.6.2.11	10
4.6.3.12	Data Conversion for Testing	4.6.2.12	~~10~~ **N/A**
4.6.3.13	UAT Preparation	4.6.2.13	10
4.6.3.14	Training for UAT Participation	4.6.2.14	~~10~~ **N/A**
4.6.3.15	Support for UAT	4.6.2.15	~~10~~ **N/A**
4.6.3.16	Test Error Documentation and Test Reports from UAT	4.6.2.16	10
4.6.3.17	Correction of UAT Errors and Regression Testing	4.6.2.17	~~10~~ **N/A**
4.6.3.18	System's Fail-Over Testing	4.6.2.18	~~10~~ **N/A**
4.6.3.19	Life Cycle Testing	4.6.2.19	~~10~~ **N/A**

We have reviewed the required deliverables for RFP Section RFP Section 4.6, Project Wide System Testing, as illustrated in Table VI-7.

Table VI-7. Project Wide System Testing Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.6.3.1	Performance Testing	4.6.2.1	N/A	✓
4.6.3.2	Vulnerability Testing	4.6.2.2	N/A	✓
4.6.3.3	Contingency Testing	4.6.2.3	N/A	✓
4.6.3.4	Connectivity Testing	4.6.2.4	N/A	✓
4.6.3.5	Interface Testing	4.6.2.5	N/A	✓
4.6.3.6	System Testing	4.6.2.6	N/A	✓
4.6.3.7	WIC User Acceptance Testing	4.6.2.7	N/A	✓
4.6.3.8	SNAP User Acceptance Testing	4.6.2.8	N/A	✓
4.6.3.9	TANF User Acceptance Testing	4.6.2.9	N/A	✓
4.6.3.10	User Acceptance Testing	4.6.2.10	N/A	✓
4.6.3.11	UAT Test Scripts	4.6.2.11	10	✓
4.6.3.12	Data Conversion for Testing	4.6.2.12	N/A	✓
4.6.3.13	UAT Preparation	4.6.2.13	10	✓
4.6.3.14	Training for UAT Participation	4.6.2.14	N/A	✓
4.6.3.15	Support for UAT	4.6.2.15	N/A	✓
4.6.3.16	Test Error Documentation and Test Reports from UAT	4.6.2.16	10	✓
4.6.3.17	Correction of UAT Errors and Regression Testing	4.6.2.17	N/A	✓
4.6.3.18	System's Fail-Over Testing	4.6.2.18	N/A	✓
4.6.3.19	Life Cycle Testing	4.6.2.19	N/A	✓

4.7 SNAP/TANF TRAINING

The EBT contractor will provide training to the Program users of the EBT system. Training Schedules must be conducted at an appropriate time (i.e., training has to occur prior to a stakeholder using the system, but not so far in advance that training is forgotten prior to the stakeholder using the system).

Because the training materials required for the WIC Programs will differ greatly from those training materials for SNAP and TANF, details of the WIC Program specific training materials is presented in the ***WIC Program specific Scope of Work, Section 4.14.***

Effective and customized training provides a high level of confidence to all EBT Program participants. Our materials and methods are designed to meet the needs of each state we serve, and will be tailored to meet the specific requirements of the Nevada EBT Programs. We address your SNAP/TANF Training requirements throughout our response to this RFP section. We also address the specific training materials for the WIC EBT Programs throughout this section and how we meet the requirements of RFP Section 4.14.2.16, WIC Training.

4.7.1 Objective

The objective of this task is to ensure the vendor's activities will result in successful project completion.

Bringing Benefits and Meeting Objectives

- ***Our training managers and specialists have many years of experience with regulations regarding SNAP/TANF and WIC EBT programs. They thoroughly understand our Connect solutions and the needs of staff, cardholders, retailers and vendors, resulting in an easy transition for users.***
- ***Not only do we initially train all stakeholders and supply informative training materials, our customer service centers and CSRs are available 24/7 for assistance with any issues or needs for the life of the contract.***
- ***Currently, we assist 26 states with EBT services and 10 states with WIC EBT services. We use our experience from working on these programs to prepare your users by providing real-world training scenarios and using cases based on actual data.***

A highly effective training program and associated materials assure that all State and local office workers, retailers, vendors and most importantly, cardholders, have convenient, immediate access to vital program information. Since 1996, Conduent has meticulously developed and improved training in the use of EBT systems because we listen to our customers in order to meet their needs and exceed their expectations. We prepare our state clients by providing real-world scenarios based on the actual user experience we have documented, because we know that your success is our success.

4.7.2 Activities

The EBT contractor will provide training to all EBT Programs users of the EBT system. The EBT contractor will be expected to submit a Training Plan that will address the specific needs of the SNAP and TANF Programs.

We are continually improving our training program in order to provide an easy-to-use and in-depth training experience. We take the lessons we have learned over the years and modify our training methods, so we can create a unique and extensive Training Plan for your three EBT Programs.

We submit Training Plans that identify the proposed deadlines and supporting tasks for the planning, design, development, production, and distribution of all training materials for SNAP, TANF, and WIC. The Training Plans are developed to coordinate with the deliverables, deadlines, tasks, and materials from the final Project Plan. This process makes certain the training is coordinated with all other aspects of the project and allows sufficient time for your review and approval.

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.7 SNAP/TANF Training, and ensure that DHHS' objectives are met. Although the RFP section includes "SNAP/TANF" in the title, there are many similarities in our Connect solutions for SNAP, TANF, and WIC. As such, our response to each RFP section includes our solution for all three of your EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.7.2.1 Training Materials

The EBT contractor shall provide instructional materials and training in a format acceptable to Program staff about the system administrative and reporting functions to be used by Program staff. The material and training must cover card issuance and usage, and benefit delivery, accessing the administrative terminal functions, security features within the system, and detailed explanation of the screens and functions supported by the application. The training materials will include materials to assist in training for the following audiences:

Conduent has reviewed and complies with this section's RFP requirements. ***Conduent provides instructional materials and training to your program staff that includes everything they need to know to navigate the Connect solutions and most effectively use our extensive administrative and reporting functions. Our training and materials cover card issuance and usage, benefit delivery, accessing the Administrative Terminal, security features of the system, and detailed explanations of the screens and functions our Administrative Terminal provides. We further describe the training materials we provide in the following subsections.***

4.7.2.2 Cardholder Training Materials

A. The materials for the cardholder must be written in both English and Spanish at a reading level no higher than the 7th grade. Applicable Program staff shall have final approval of instructional materials provided with the card. The proposer shall submit examples of all materials that will be sent or given to the cardholder at the time of card issuance. This would include items such as a welcoming brochure (including payment options that are customized for each agency or program), cardholder agreement, a training video and any instructional materials that outline how the card may be used. It is expected that the EBT contractor will provide detailed training materials that will outline any and all fees and costs that the cardholder may be subject to when using their card at various establishments.

B. Training topics will be specified by the Program staff to meet their EBT program requirements and may include but are not limited to:

1. Care of the card;

2. Reporting lost, stolen or damaged cards;

3. Getting lost, stolen or damaged cards replaced;

4. How to determine the benefit balance;

5. How to select and change a PIN;

6. How to protect the card and the PIN; and

7. How to conduct transactions, such as balance inquiry, ATM withdrawal, mixed basket, purchase at authorized retailer locations, or authorized farmers' markets.

C. As an optional service, the EBT contractor shall provide pricing for sufficient brochures for distribution to participants during the phased statewide rollout. Refer to Pricing Sheets.

Conduent has reviewed and complies with this section's RFP requirements. A successful training program is vital to prepare cardholders to smoothly transition to the new EBT system. For this reason, our training program focuses on providing cardholders with needed information that is sufficiently detailed, provided at the right time, uses clear language, is easy-to-understand, and is presented in a variety of formats to better meet individual learning needs. Our cardholder training program and materials are tailored specifically to your requirements providing precisely what Nevada EBT cardholders need to know. All materials are provided in English and Spanish at a reading level no higher than seventh grade. Applicable program staff have final approval of the instructional materials provided with the card.

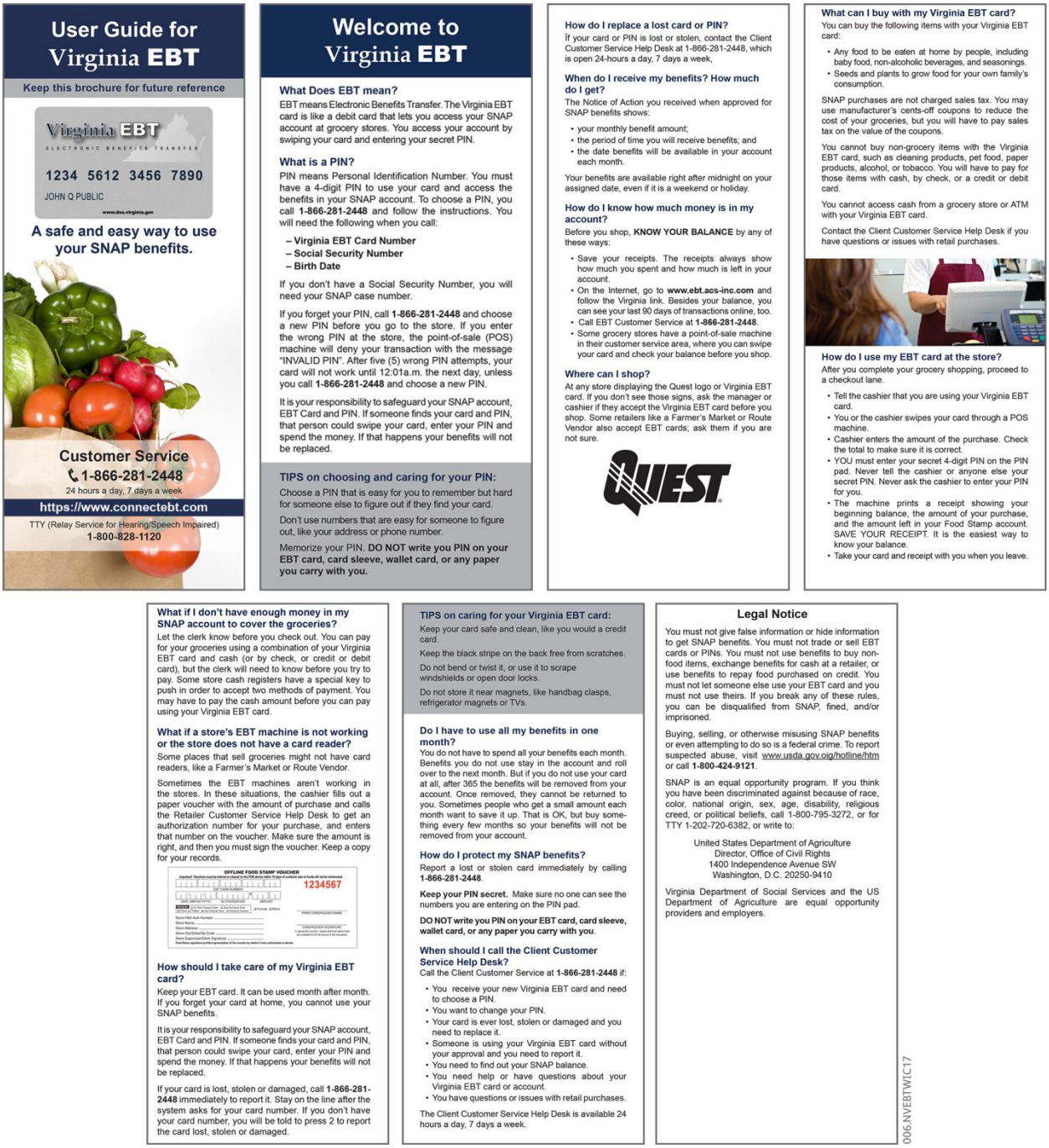
Question and Answer (Q&A) Brochure

We provide a Q&A Brochure that is designed to provide critical education and training for current and new EBT cardholders giving them the skills and knowledge they need to successfully use the EBT Program.

We acknowledge the training topics will be specified by the program staff to meet their EBT program requirements and may include but are not limited to:

- ***Care of the card***
- ***Reporting lost, stolen, or damaged cards***
- ***Getting lost, stolen, or damaged cards replaced***
- ***How to determine the benefit balance***
- ***How to select and change a PIN***
- ***How to protect the card and the PIN***
- ***How to conduct transactions, such as balance inquiry, ATM withdrawal, mixed basket, purchase at authorized retailer locations, or authorized farmers' markets***

Exhibit VI-3 shows a sample Q&A Brochure.



User Guide for Virginia EBT

Keep this brochure for future reference

Virginia EBT
ELECTRONIC BENEFITS TRANSFER
1234 5612 3456 7890
JOHN Q PUBLIC
www.dss.virginia.gov

A safe and easy way to use your SNAP benefits.

Customer Service
1-866-281-2448
24 hours a day, 7 days a week
https://www.connectebt.com
TTY (Relay Service for Hearing/Speech Impaired)
1-800-828-1120

Welcome to Virginia EBT

What Does EBT mean?

EBT means Electronic Benefits Transfer. The Virginia EBT card is like a debit card that lets you access your SNAP account at grocery stores. You access your account by swiping your card and entering your secret PIN.

What is a PIN?

PIN means Personal Identification Number. You must have a 4-digit PIN to use your card and access the benefits in your SNAP account. To choose a PIN, you call **1-866-281-2448** and follow the instructions. You will need the following when you call:

- **Virginia EBT Card Number**
- **Social Security Number**
- **Birth Date**

If you don't have a Social Security Number, you will need your SNAP case number.

If you forget your PIN, call **1-866-281-2448** and choose a new PIN before you go to the store. If you enter the wrong PIN at the store, the point-of-sale (POS) machine will deny your transaction with the message "INVALID PIN". After five (5) wrong PIN attempts, your card will not work until 12:01a.m. the next day, unless you call **1-866-281-2448** and choose a new PIN.

It is your responsibility to safeguard your SNAP account, EBT Card and PIN. If someone finds your card and PIN, that person could swipe your card, enter your PIN and spend the money. If that happens your benefits will not be replaced.

TIPS on choosing and caring for your PIN:

Choose a PIN that is easy for you to remember but hard for someone else to figure out if they find your card.

Don't use numbers that are easy for someone to figure out, like your address or phone number.

Memorize your PIN. **DO NOT write you PIN on your EBT card, card sleeve, wallet card, or any paper you carry with you.**

How do I replace a lost card or PIN?

If your card or PIN is lost or stolen, contact the Client Customer Service Help Desk at 1-866-281-2448, which is open 24-hours a day, 7 days a week,

When do I receive my benefits? How much do I get?

The Notice of Action you received when approved for SNAP benefits shows:

- your monthly benefit amount;
- the period of time you will receive benefits; and
- the date benefits will be available in your account each month.

Your benefits are available right after midnight on your assigned date, even if it is a weekend or holiday.

How do I know how much money is in my account?

Before you shop, **KNOW YOUR BALANCE** by any of these ways:

- Save your receipts. The receipts always show how much you spent and how much is left in your account.
- On the Internet, go to **www.ebt.acs-inc.com** and follow the Virginia link. Besides your balance, you can see your last 90 days of transactions online, too.
- Call EBT Customer Service at **1-866-281-2448**.
- Some grocery stores have a point-of-sale machine in their customer service area, where you can swipe your card and check your balance before you shop.

Where can I shop?

At any store displaying the Quest logo or Virginia EBT card. If you don't see those signs, ask the manager or cashier if they accept the Virginia EBT card before you shop. Some retailers like a Farmer's Market or Route Vendor also accept EBT cards; ask them if you are not sure.

QUEST

What can I buy with my Virginia EBT card?

You can buy the following items with your Virginia EBT card:

- Any food to be eaten at home by people, including baby food, non-alcoholic beverages, and seasonings.
- Seeds and plants to grow food for your own family's consumption.

SNAP purchases are not charged sales tax. You may use manufacturer's cents-off coupons to reduce the cost of your groceries, but you will have to pay sales tax on the value of the coupons.

You cannot buy non-grocery items with the Virginia EBT card, such as cleaning products, pet food, paper products, alcohol, or tobacco. You will have to pay for those items with cash, by check, or a credit or debit card.

You cannot access cash from a grocery store or ATM with your Virginia EBT card.

Contact the Client Customer Service Help Desk if you have questions or issues with retail purchases.

How do I use my EBT card at the store?

After you complete your grocery shopping, proceed to a checkout lane.

- Tell the cashier that you are using your Virginia EBT card.
- You or the cashier swipes your card through a POS machine.
- Cashier enters the amount of the purchase. Check the total to make sure it is correct.
- YOU must enter your secret 4-digit PIN on the PIN pad. Never tell the cashier or anyone else your secret PIN. Never ask the cashier to enter your PIN for you.
- The machine prints a receipt showing your beginning balance, the amount of your purchase, and the amount left in your Food Stamp account. SAVE YOUR RECEIPT. It is the easiest way to know your balance.
- Take your card and receipt with you when you leave.

What if I don't have enough money in my SNAP account to cover the groceries?

Let the clerk know before you check out. You can pay for your groceries using a combination of your Virginia EBT card and cash (or by check, or credit or debit card), but the clerk will need to know before you try to pay. Some store cash registers have a special key to push in order to accept two methods of payment. You may have to pay the cash amount before you can pay using your Virginia EBT card.

What if a store's EBT machine is not working or the store does not have a card reader?

Some places that sell groceries might not have card readers, like a Farmer's Market or Route Vendor.

Sometimes the EBT machines aren't working in the stores. In these situations, the cashier fills out a paper voucher with the amount of purchase and calls the Retailer Customer Service Help Desk to get an authorization number for your purchase, and enters that number on the voucher. Make sure the amount is right, and then you must sign the voucher. Keep a copy for your records.

OFFLINE FOOD STAMP VOUCHER
1234567

How should I take care of my Virginia EBT card?

Keep your EBT card. It can be used month after month. If you forget your card at home, you cannot use your SNAP benefits.

It is your responsibility to safeguard your SNAP account, EBT Card and PIN. If someone finds your card and PIN, that person could swipe your card, enter your PIN and spend the money. If that happens your benefits will not be replaced.

If your card is lost, stolen or damaged, call **1-866-281-2448** immediately to report it. Stay on the line after the system asks for your card number. If you don't have your card number, you will be told to press 2 to report the card lost, stolen or damaged.

TIPS on caring for your Virginia EBT card:

Keep your card safe and clean, like you would a credit card.

Keep the black stripe on the back free from scratches.

Do not bend or twist it, or use it to scrape windshields or open door locks.

Do not store it near magnets, like handbag clasps, refrigerator magnets or TVs.

Do I have to use all my benefits in one month?

You do not have to spend all your benefits each month. Benefits you do not use stay in the account and roll over to the next month. But if you do not use your card at all, after 365 the benefits will be removed from your account. Once removed, they cannot be returned to you. Sometimes people who get a small amount each month want to save it up. That is OK, but buy something every few months so your benefits will not be removed from your account.

How do I protect my SNAP benefits?

Report a lost or stolen card immediately by calling **1-866-281-2448**.

Keep your PIN secret. Make sure no one can see the numbers you are entering on the PIN pad.

DO NOT write you PIN on your EBT card, card sleeve, wallet card, or any paper you carry with you.

When should I call the Client Customer Service Help Desk?

Call the Client Customer Service at **1-866-281-2448** if:

- You receive your new Virginia EBT card and need to choose a PIN.
- You want to change your PIN.
- Your card is ever lost, stolen or damaged and you need to replace it.
- Someone is using your Virginia EBT card without your approval and you need to report it.
- You need to find out your SNAP balance.
- You need help or have questions about your Virginia EBT card or account.
- You have questions or issues with retail purchases.

The Client Customer Service Help Desk is available 24 hours a day, 7 days a week.

Legal Notice

You must not give false information or hide information to get SNAP benefits. You must not trade or sell EBT cards or PINs. You must not use benefits to buy non-food items, exchange benefits for cash at a retailer, or use benefits to repay food purchased on credit. You must not let someone else use your EBT card and you must not use theirs. If you break any of these rules, you can be disqualified from SNAP, fined, and/or imprisoned.

Buying, selling, or otherwise misusing SNAP benefits or even attempting to do so is a federal crime. To report suspected abuse, visit www.usda.gov.oig/hotline/htm or call **1-800-424-9121**.

SNAP is an equal opportunity program. If you think you have been discriminated against because of race, color, national origin, sex, age, disability, religious creed, or political beliefs, call 1-800-795-3272, or for TTY 1-202-720-6382, or write to:

United States Department of Agriculture
Director, Office of Civil Rights
1400 Independence Avenue SW
Washington, D.C. 20250-9410

Virginia Department of Social Services and the US Department of Agriculture are equal opportunity providers and employers.

006.NVEBTWIC17

Exhibit VI-3. Questions and Answers Brochure

This brochure provides detailed EBT information in an easy-to-read question and answer format.

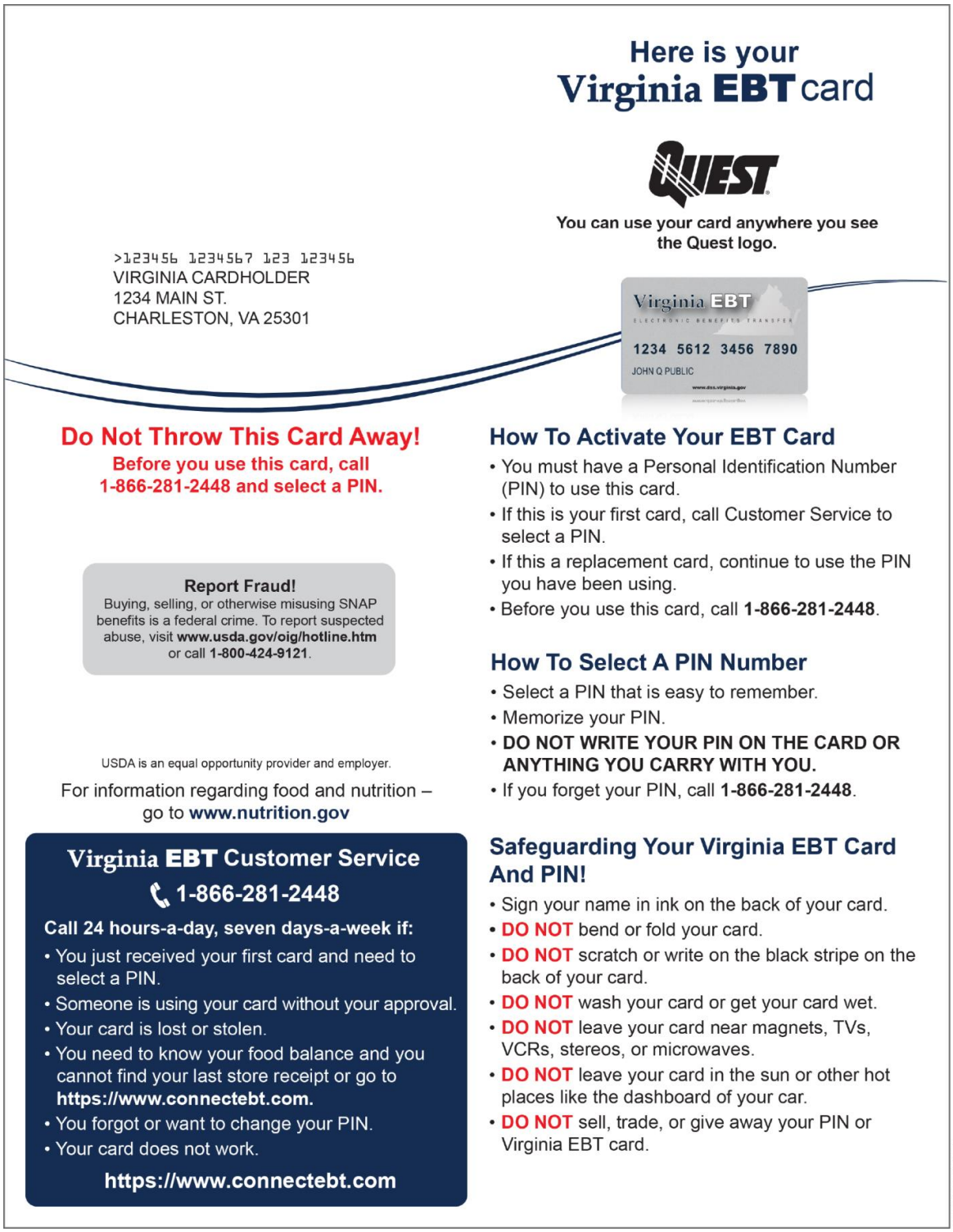
Training Video

As required by RFP Section 4.4.2.14, Project Wide Training Plan, we provide a training video for use in training EBT cardholders at program offices and other community locations where cardholders are served. The training video contains the same content as the brochure and is used both for initial and ongoing training.

Card Carrier

We also work with you to design a custom card carrier to protect the card during mailing, and which also provides new cardholders with a convenient quick-start guide. The carrier provides clear and easy-to-understand instructions in both English and Spanish English.

A sample card carrier from the Virginia EBT program is shown in Exhibit VI-4.



Here is your
Virginia EBT card

QUEST

You can use your card anywhere you see the Quest logo.

>123456 1234567 123 123456
VIRGINIA CARDHOLDER
1234 MAIN ST.
CHARLESTON, VA 25301

Virginia EBT
ELECTRONIC BENEFITS TRANSFER
1234 5612 3456 7890
JOHN Q PUBLIC
www.dss.virginia.gov

Do Not Throw This Card Away!

Before you use this card, call 1-866-281-2448 and select a PIN.

Report Fraud!
Buying, selling, or otherwise misusing SNAP benefits is a federal crime. To report suspected abuse, visit **www.usda.gov/oig/hotline.htm** or call **1-800-424-9121**.

USDA is an equal opportunity provider and employer.

For information regarding food and nutrition – go to **www.nutrition.gov**

Virginia EBT Customer Service
1-866-281-2448

Call 24 hours-a-day, seven days-a-week if:

- You just received your first card and need to select a PIN.
- Someone is using your card without your approval.
- Your card is lost or stolen.
- You need to know your food balance and you cannot find your last store receipt or go to **https://www.connectebt.com.**
- You forgot or want to change your PIN.
- Your card does not work.

https://www.connectebt.com

How To Activate Your EBT Card

- You must have a Personal Identification Number (PIN) to use this card.
- If this is your first card, call Customer Service to select a PIN.
- If this a replacement card, continue to use the PIN you have been using.
- Before you use this card, call **1-866-281-2448**.

How To Select A PIN Number

- Select a PIN that is easy to remember.
- Memorize your PIN.
- **DO NOT WRITE YOUR PIN ON THE CARD OR ANYTHING YOU CARRY WITH YOU.**
- If you forget your PIN, call **1-866-281-2448**.

Safeguarding Your Virginia EBT Card And PIN!

- Sign your name in ink on the back of your card.
- **DO NOT** bend or fold your card.
- **DO NOT** scratch or write on the black stripe on the back of your card.
- **DO NOT** wash your card or get your card wet.
- **DO NOT** leave your card near magnets, TVs, VCRs, stereos, or microwaves.
- **DO NOT** leave your card in the sun or other hot places like the dashboard of your car.
- **DO NOT** sell, trade, or give away your PIN or Virginia EBT card.

007.NVEBTWC17

Exhibit VI-4. Sample Card Carrier

The EBT card carrier provides cardholders all the information they need to activate and use their card successfully.

As required, we provided pricing to distribute sufficient brochures to cardholders during implementation. The cost is listed as an optional service in our Pricing Sheets.

4.7.2.3 Retailer Training Material

The EBT contractor is also responsible for completion of training and provision of user materials for retailers that are provided with stand-beside solutions and for providing training materials for SNAP retailers with integrated electronic cash register (IECR) systems. For the stand-beside solution, training materials will cover areas such as log on/log off, using the solution for all types of EBT transactions. These retailers shall be provided with a tip sheet to provide managers and cashiers with an easy reference during transactions. SNAP training materials in general will include the settlement and reconciliation process and required timeframes and uploading the vendor claim file.

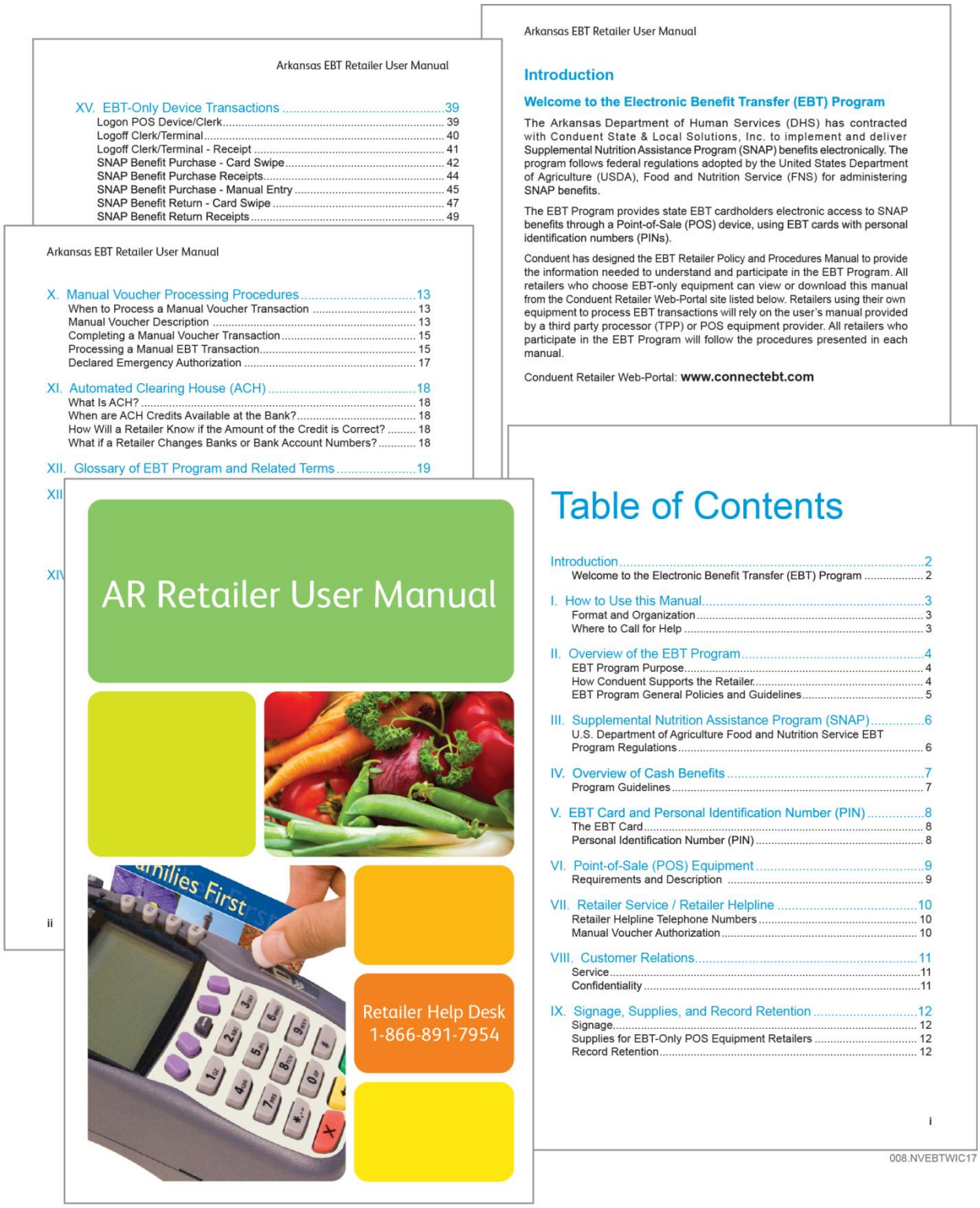
Conduent has reviewed and complies with this section's RFP requirements. Retailer training is a high priority because of the importance of the retailers' role in the smooth operation of both the SNAP, TANF and WIC EBT programs. Conduent brings the State expertise in working with numerous other state EBT programs to provide detailed and coordinated training materials.

We have learned over recent years that most retailers have been operating POS equipment long enough that training on new EBT-only and WIC stand-beside equipment can be accomplished quickly. We are fully versed in the scope of the training to be provided and experienced in the challenges of training novice retailers as they join the programs.

Our training approach is designed to efficiently address the training requirements of all retailers. We support training for EBT-only retailers that are provided with stand-beside solutions as well as those with integrated electronic cash register (IECR) systems. We use a "ship and train" approach as the primary method for training retailers who use EBT-only equipment. We provide retailers with a Retailer Manual and a Quick Reference Guide. All materials also are available to retailers through the retailer web portal. The training materials provide all the information needed by retailers to successfully participate in EBT.

In addition to printed materials, we assist retailers with program information, manual voucher authorizations, adjustment requests, and any other help they may need through our toll-free, 24/7/365 retailer customer service center. If retailers need general information regarding EBT or WIC EBT policies and procedures, require additional POS equipment, or assistance with problem transactions, they may call the customer service center to obtain assistance from a trained CSR.

Exhibit VI-5 shows the table of contents of our Arkansas EBT Retailer User Manual.



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Arkansas EBT Retailer User Manual

Introduction

Welcome to the Electronic Benefit Transfer (EBT) Program

The Arkansas Department of Human Services (DHS) has contracted with Conduent State & Local Solutions, Inc. to implement and deliver Supplemental Nutrition Assistance Program (SNAP) benefits electronically. The program follows federal regulations adopted by the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) for administering SNAP benefits.

The EBT Program provides state EBT cardholders electronic access to SNAP benefits through a Point-of-Sale (POS) device, using EBT cards with personal identification numbers (PINs).

Conduent has designed the EBT Retailer Policy and Procedures Manual to provide the information needed to understand and participate in the EBT Program. All retailers who choose EBT-only equipment can view or download this manual from the Conduent Retailer Web-Portal site listed below. Retailers using their own equipment to process EBT transactions will rely on the user's manual provided by a third party processor (TPP) or POS equipment provider. All retailers who participate in the EBT Program will follow the procedures presented in each manual.

Conduent Retailer Web-Portal: **www.connectebt.com**

AR Retailer User Manual

Retailer Help Desk
1-866-891-7954

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Exhibit VI-5. Arkansas EBT Retailer User Manual Table of Contents
Our EBT retailer manuals are tailored for use for each EBT program we support.

Retailer Quick Reference Guide

The Quick Reference Guide, shown in Exhibit VI-6, is designed to provide retailers with a convenient quick start handbook and reference that they can keep near the POS terminal. The guide provides step-by-step instructions for processing each type of EBT transaction.

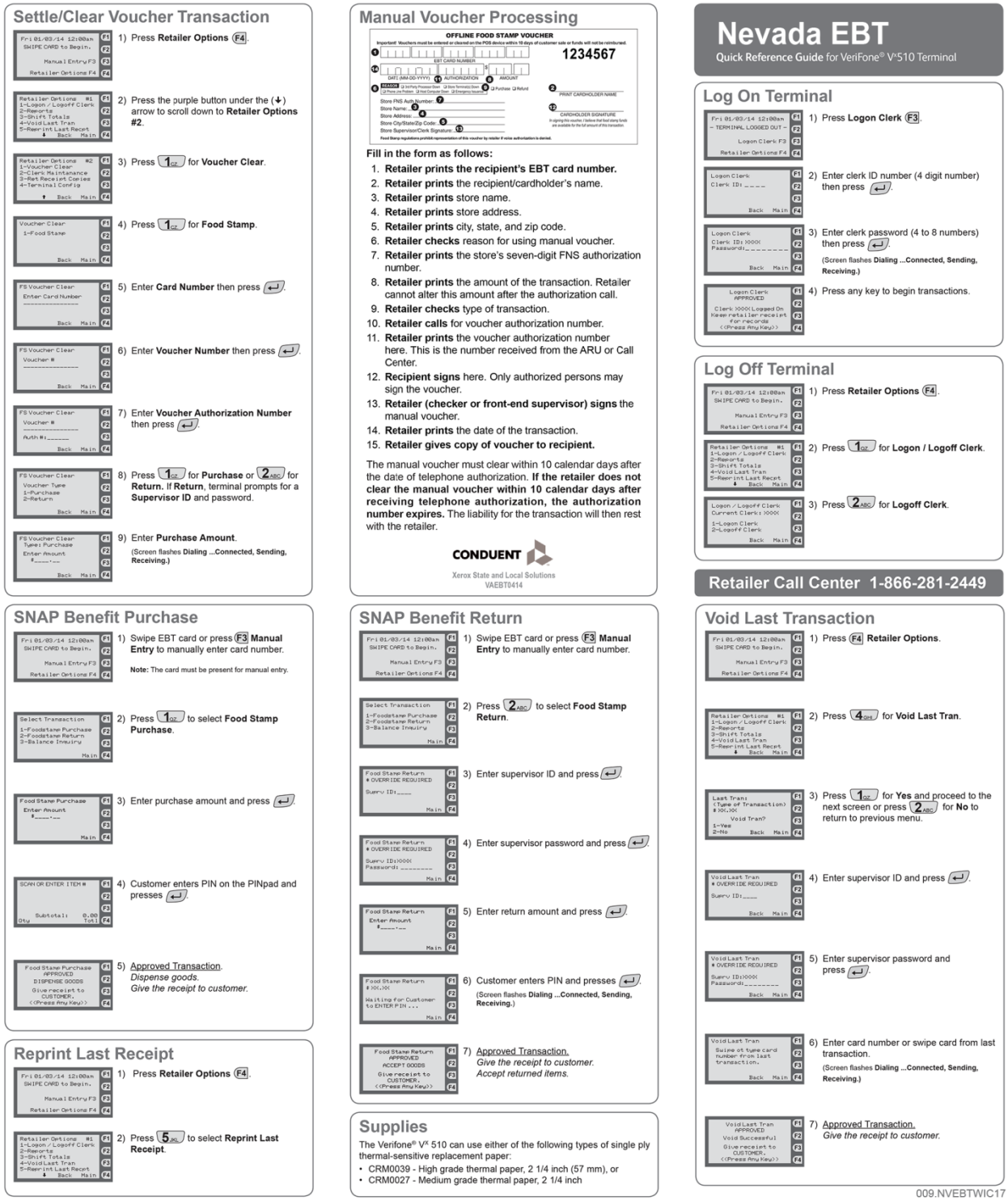
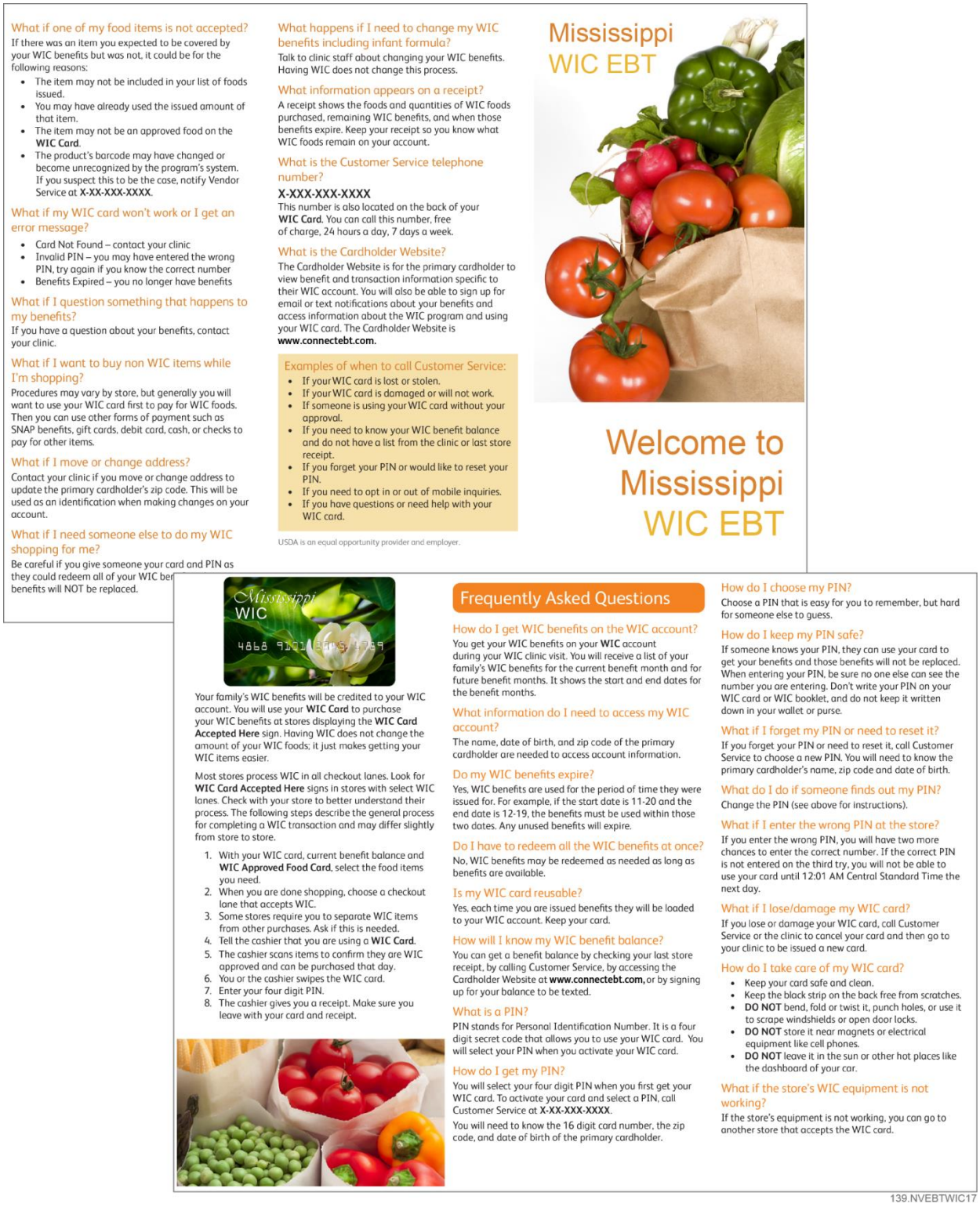


Exhibit VI-6. Retailer Quick Reference Guide

This guide provides retailers with step-by-step instructions for EBT transaction processing.

WIC EBT Program Variances for Training Materials

Though there are variances in our WIC Connect solution, we provide the same thorough and dedicated training and training materials for all our programs. We produce participant training materials including a cardholder pamphlet for each of our WIC EBT programs. We use the current program pamphlets as a guide to create a pamphlet specifically designed for the Nevada WIC EBT Programs. A sample of a participant pamphlet from the Mississippi EBT program is shown in Exhibit VI-7.



What if one of my food items is not accepted?

If there was an item you expected to be covered by your WIC benefits but was not, it could be for the following reasons:

- The item may not be included in your list of foods issued.
- You may have already used the issued amount of that item.
- The item may not be an approved food on the **WIC Card**.
- The product's barcode may have changed or become unrecognized by the program's system. If you suspect this to be the case, notify Vendor Service at **X-XX-XXX-XXXX**.

What if my WIC card won't work or I get an error message?

- Card Not Found – contact your clinic
- Invalid PIN – you may have entered the wrong PIN, try again if you know the correct number
- Benefits Expired – you no longer have benefits

What if I question something that happens to my benefits?

If you have a question about your benefits, contact your clinic.

What if I want to buy non WIC items while I'm shopping?

Procedures may vary by store, but generally you will want to use your WIC card first to pay for WIC foods. Then you can use other forms of payment such as SNAP benefits, gift cards, debit card, cash, or checks to pay for other items.

What if I move or change address?

Contact your clinic if you move or change address to update the primary cardholder's zip code. This will be used as an identification when making changes on your account.

What if I need someone else to do my WIC shopping for me?

Be careful if you give someone your card and PIN as they could redeem all of your WIC ben
benefits will NOT be replaced.

What happens if I need to change my WIC benefits including infant formula?

Talk to clinic staff about changing your WIC benefits. Having WIC does not change this process.

What information appears on a receipt?

A receipt shows the foods and quantities of WIC foods purchased, remaining WIC benefits, and when those benefits expire. Keep your receipt so you know what WIC foods remain on your account.

What is the Customer Service telephone number?

X-XXX-XXX-XXXX

This number is also located on the back of your **WIC Card**. You can call this number, free of charge, 24 hours a day, 7 days a week.

What is the Cardholder Website?

The Cardholder Website is for the primary cardholder to view benefit and transaction information specific to their WIC account. You will also be able to sign up for email or text notifications about your benefits and access information about the WIC program and using your WIC card. The Cardholder Website is **www.connectebt.com.**

Examples of when to call Customer Service:

- If your WIC card is lost or stolen.
- If your WIC card is damaged or will not work.
- If someone is using your WIC card without your approval.
- If you need to know your WIC benefit balance and do not have a list from the clinic or last store receipt.
- If you forget your PIN or would like to reset your PIN.
- If you need to opt in or out of mobile inquiries.
- If you have questions or need help with your WIC card.

USDA is an equal opportunity provider and employer.

Mississippi WIC EBT

Welcome to Mississippi WIC EBT

Mississippi WIC

Your family's WIC benefits will be credited to your WIC account. You will use your **WIC Card** to purchase your WIC benefits at stores displaying the **WIC Card Accepted Here** sign. Having WIC does not change the amount of your WIC foods; it just makes getting your WIC items easier.

Most stores process WIC in all checkout lanes. Look for **WIC Card Accepted Here** signs in stores with select WIC lanes. Check with your store to better understand their process. The following steps describe the general process for completing a WIC transaction and may differ slightly from store to store.

1. With your WIC card, current benefit balance and **WIC Approved Food Card**, select the food items you need.
2. When you are done shopping, choose a checkout lane that accepts WIC.
3. Some stores require you to separate WIC items from other purchases. Ask if this is needed.
4. Tell the cashier that you are using a **WIC Card**.
5. The cashier scans items to confirm they are WIC approved and can be purchased that day.
6. You or the cashier swipes the WIC card.
7. Enter your four digit PIN.
8. The cashier gives you a receipt. Make sure you leave with your card and receipt.

Frequently Asked Questions

How do I get WIC benefits on the WIC account?

You get your WIC benefits on your **WIC** account during your WIC clinic visit. You will receive a list of your family's WIC benefits for the current benefit month and for future benefit months. It shows the start and end dates for the benefit months.

What information do I need to access my WIC account?

The name, date of birth, and zip code of the primary cardholder are needed to access account information.

Do my WIC benefits expire?

Yes, WIC benefits are used for the period of time they were issued for. For example, if the start date is 11-20 and the end date is 12-19, the benefits must be used within those two dates. Any unused benefits will expire.

Do I have to redeem all the WIC benefits at once?

No, WIC benefits may be redeemed as needed as long as benefits are available.

Is my WIC card reusable?

Yes, each time you are issued benefits they will be loaded to your WIC account. Keep your card.

How will I know my WIC benefit balance?

You can get a benefit balance by checking your last store receipt, by calling Customer Service, by accessing the Cardholder Website at **www.connectebt.com,** or by signing up for your balance to be texted.

What is a PIN?

PIN stands for Personal Identification Number. It is a four digit secret code that allows you to use your WIC card. You will select your PIN when you activate your WIC card.

How do I get my PIN?

You will select your four digit PIN when you first get your WIC card. To activate your card and select a PIN, call Customer Service at **X-XX-XXX-XXXX**.

You will need to know the 16 digit card number, the zip code, and date of birth of the primary cardholder.

How do I choose my PIN?

Choose a PIN that is easy for you to remember, but hard for someone else to guess.

How do I keep my PIN safe?

If someone knows your PIN, they can use your card to get your benefits and those benefits will not be replaced. When entering your PIN, be sure no one else can see the number you are entering. Don't write your PIN on your WIC card or WIC booklet, and do not keep it written down in your wallet or purse.

What if I forget my PIN or need to reset it?

If you forget your PIN or need to reset it, call Customer Service to choose a new PIN. You will need to know the primary cardholder's name, zip code and date of birth.

What do I do if someone finds out my PIN?

Change the PIN (see above for instructions).

What if I enter the wrong PIN at the store?

If you enter the wrong PIN, you will have two more chances to enter the correct number. If the correct PIN is not entered on the third try, you will not be able to use your card until 12:01 AM Central Standard Time the next day.

What if I lose/damage my WIC card?

If you lose or damage your WIC card, call Customer Service or the clinic to cancel your card and then go to your clinic to be issued a new card.

How do I take care of my WIC card?

- Keep your card safe and clean.
- Keep the black strip on the back free from scratches.
- **DO NOT** bend, fold or twist it, punch holes, or use it to scrape windshields or open door locks.
- **DO NOT** store it near magnets or electrical equipment like cell phones.
- **DO NOT** leave it in the sun or other hot places like the dashboard of your car.

What if the store's WIC equipment is not working?

If the store's equipment is not working, you can go to another store that accepts the WIC card.

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Exhibit VI-7. Sample WIC EBT Services program Participant Education Pamphlet
This sample pamphlet provides valuable program information that is customized for The Nevada WIC EBT Program participants after contract award.

Exhibit VI-8 shows samples of some of the WIC EBT training materials we make available to staff and vendors to be educated on every aspect of your WIC EBT Program. We will work with you during the JAD sessions to define all expectations for training and training materials.

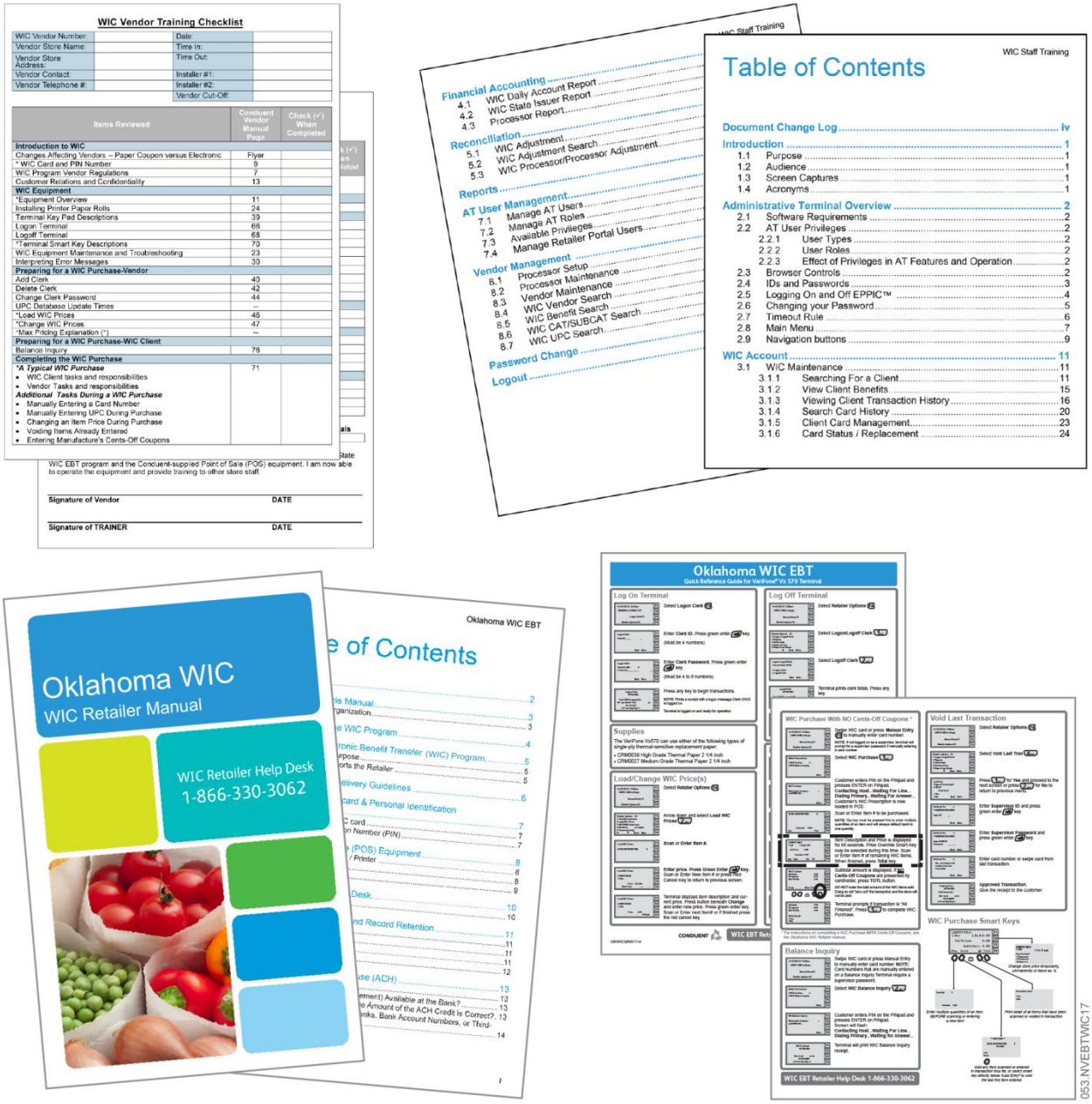

Exhibit VI-8. Sample WIC EBT Training Materials

We provide User Manuals and other materials for training WIC EBT Program staff and vendors.

We meet all WIC training requirements defined in RFP Section 4.14.2.16, WIC Training.

4.7.2.4 Staff Training Materials

A. The EBT contractor shall provide necessary training and training materials so the Program staff has knowledge regarding to how to access the available EBT functions on the administrative terminal. A User Guide to assist staff in local offices/clinics and a Tip Sheet to provide staff with an easy reference for EBT operations, including use of the PIN selection terminals.

B. The EBT contractor shall develop an electronic manual that Program staff can utilize after training. The manual will allow staff to search

for specific topics and quickly obtain information that will assist in performing their job duties.

C. The EBT contractor shall provide written training materials for the State Office staff. Training materials shall cover EBT system functionality as it applies to the job functions of state staff and retailer EBT operations. The EBT contractor shall maintain the training materials and make revisions whenever the EBT system functionality is modified. The original and updated training materials shall be provided to the State Program staff; the electronic copies shall be in Microsoft Word format or appropriate digital media as specified by the State Program staff.

Conduent has reviewed and complies with this section's RFP requirements. ***Training is delivered in accordance with the approved Training Plan. Training is usually conducted through webinar training sessions, with the eventual delivery method depending on individual EBT and WIC EBT program requirements. Staff training includes a general training overview as well as function-specific training associated with their specific areas of responsibility, including fraud/security, EBT Programs operations, PIN selection terminals, settlement, system performance, and inventory control.***

We work with you to develop an Administrative Terminal User Manual. The manual is a primary training document and reference guide that supports the ongoing training and operational support needs of program staff. The manual provides step-by-step instructions that detail all the administrative functionality used in the Nevada EBT Programs. The original and updated materials are provided to program staff and the electronic copies will be in Microsoft Word format or appropriate digital media as specified by program staff.

4.7.2.5 System Training for Functional Areas

This section provides a description of each type of training that the EBT contractor will be expected to provide for the system user.

Conduent has reviewed and complies with this section's RFP requirements. ***Central to the training required for program staff is training on our Administrative Terminal application and functionality. Administrative functionality training includes use of the Administrative Terminal functions, including: settlement and reconciliation, fraud analysis, security functions, and data analysis.***

All our administrative function-specific training sessions include a description and review of the reports commonly used to support those functions. Included within our training materials package is a Nevada-specific reports manual. The reports manual and training assists staff at all levels in becoming familiar with EPPIC's reports and reporting procedures. Please see our response to RFP Section, 3.2.2, Reports Manuals, for more information about our reports documentation.

4.7.2.6 UAT Training

In order to participate in the UAT, members of the UAT Team will need to understand the end-to-end operations and functions of the EBT system and the UAT protocols. The EBT contractor shall provide UAT training during the week prior to the UAT, using the test scripts and other materials prepared specifically for the UAT training session.

Conduent has reviewed and complies with this section's RFP requirements. ***To make certain your UAT team can participate and understand the end-to-end operations of the Connect solutions, Conduent provides test scripts and UAT training the week prior to UAT testing covering all portions of EBT and WIC operations; test system processing options; and environmental conditions, including POS hardware and communications failure, entry of erroneous data, and testing of the federal interfaces (e.g., ALERT, AMA, REDE, and STARS) and UAT protocols.***

4.7.2.7 System Operations Training

A. The EBT contractor shall provide appropriate Program management staff with in-person training in the following areas:

1. System operations;
2. Security administration;
3. Settlement and reconciliation;
4. Reports, data analysis and ad hoc reporting;
5. Fraud investigation;
6. Card Issuance and Inventory; and
7. Retailer operations/procedures.

B. Training shall be provided prior to the phased system implementation and shall incorporate appropriate training materials. To support ongoing operations, the EBT contractor shall provide and maintain the following:

1. Reports Manual;
2. System Operations and Interface Procedures Manual;
3. Settlement & Reconciliation Manual;
4. Administrative Functions Manual; and
5. Train-the-Trainer Training.

Conduent has reviewed and complies with this section's RFP requirements. ***Our training goal is your continued success. To assure that your program management staff has the knowledge and expertise necessary, we provide in-person training for appropriate personnel that addresses all the required topics.***

All training is provided prior to transition and your staff is provided the following training materials:

- ***Reports Manual***
- ***System Operations and Interface Procedures Manual***
- ***Settlement and Reconciliation Manual***
- ***Administrative Terminal User Manual***
- ***Train-the-Trainer Training***

As noted, all training or materials are approved before use by each program agency staff.

4.7.2.8 Train-the-Trainer Training

A. The EBT contractor shall provide in-person training to Program trainers on EBT operations, local office operations and retailer operations/procedures. Training shall be provided prior to implementation in sufficient time for the trainers to train local office program staff and shall include the appropriate training materials.

Training shall be sufficient so that the trainers can train staff to conduct business in an EBT environment and provide support concerning EBT to clients and local retailers.

B. The EBT contractor shall provide State trainers areas of training including, but not limited to:

1. Card control and card audit procedures;

2. Card issuance for cardholders;

3. PIN selection;

4. Benefit issuance;

5. Card status updates and card replacement;

6. Access to current benefit balance;

7. Access to transaction data;

8. Access to reports and reconciliation data;

9. Use of the participant training materials;

10. Administrative usage and controls; and

11. The EBT contractor shall provide specific training for State trainers including, but not limited to:

a. Upload and download of files and data; and

b. Use of administrative terminal (AT) including "statusing" an EBT card, understanding transaction data, how to perform an account set-up, and benefit issuance.

C. Reconciliation Training

The EBT contractor shall provide reconciliation training to designated accounting and Program staff or their designated representatives prior to UAT and during contract implementation. Thereafter, the EBT contractor shall provide a full-day, onsite refresher training class to designated Program staff annually or as requested by the Project Management Team. The training shall be updated as needed during the course of the contract to reflect changes to the reconciliation reports, processes or data displays.

D. Participant/Recipient Training

Training for the participant/recipient is expected to be minimal since the new system is expected to have only minor modification in the presentation and functionality for the program participants/recipients. The local Program staff will be expected to complete any required training, however the EBT contractor will be required to prepare training materials for the participant/recipient.

E. TANF Staff Training

The EBT contractor shall provide User Manuals and training to ensure TANF staff are prepared to complete all report production, settlement and management of the TANF Cash Benefit system. The EBT contractor shall also provide User Manuals and training to ensure local office staff are prepared to complete all applicable TANF card system functionality.

Conduent has reviewed and complies with this section's RFP requirements. ***Our plan includes providing initial hands-on and/or webinar training to EBT and WIC EBT trainers. These sessions are conducted in-person by our staff led by the project manager at a specified location, and are designed to prepare trainers to deliver detailed EBT training to staff and to cardholders as may be subsequently needed.***

Training is delivered prior to implementation with sufficient time for trainers to train local office staff, allowing them to provide support to EBT clients and retailers. Areas of training include all the required elements listed in the RFP, including:

- ***Reconciliation Training.*** ***We provide this training to designated accounting and program staff or their designated representatives prior to UAT and during contract implementation. All training is updated during the course of the contract to reflect any changes to reconciliation reports, processes, or data displays.***
- ***Cardholder/Recipient Training.*** ***We expect that most cardholders and recipients will need only minimal training as they are familiar with the EBT and WIC EBT processes. Conduent prepares and supplies all training materials for this stakeholder group.***
- ***TANF Staff Training.*** ***We provide User Manuals and training to ensure your TANF and local office staff are prepared to complete all report production, settlement, and management and are proficient in the use of TANF card system functionality of the TANF cash benefit system.***

4.7.3 SNAP/TANF Training Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete. These deliverables are those which will be needed by all three (3) programs included in this contract.

4.7 SNAP/TANF TRAINING			
DELIVERABLE NUMBER	DESCRIPTION OF DELIVERABLE	ACTIVITY	STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)
4.7.3.1	Training Materials	4.7.2.1	10
4.7.3.2	Cardholder Training Materials	4.7.2.2	10
4.7.3.3	Retailer Training Material	4.7.2.3	10
4.7.3.4	Staff Training Materials	4.7.2.4	10
4.7.3.5	System Training for Functional Areas	4.7.2.5	~~10~~ **N/A**
4.7.3.6	UAT Training	4.7.2.6	~~10~~ **N/A**
4.7.3.7	Systems Operations Training	4.7.2.7	~~10~~ **N/A**
4.7.3.8	Train-the-Trainer	4.7.2.8	~~10~~ **N/A**

We have reviewed the required deliverables for RFP Section 4.7, SNAP/TANF Training, and we will comply as illustrated in Table VI-8.

Table VI-8. SNAP/TANF Training Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.7.3.1	*Training Materials*	*4.7.2.1*	*10*	✓
4.7.3.2	*Cardholder Training Materials*	*4.7.2.2*	*10*	✓
4.7.3.3	*Retailer Training Materials*	*4.7.2.3*	*10*	✓
4.7.3.4	*Staff Training Materials*	*4.7.2.4*	*10*	✓
4.7.3.5	*System Training for Functional Areas*	*4.7.2.5*	*N/A*	✓
4.7.3.6	*UAT Training*	*4.7.2.6*	*N/A*	✓
4.7.3.7	*Systems Operations Training*	*4.7.2.7*	*N/A*	✓
4.7.3.8	*Train-the-Trainer*	*4.7.2.8*	*N/A*	✓

4.8 SNAP/TANF HELP DESK/CUSTOMER SERVICE

The EBT contractor shall implement toll-free help desk support for all SNAP and TANF cardholders, retailers and Program staff and be sufficiently staffed with knowledgeable staff during working hours to support all system users throughout the contract period of performance. Help desk calls must be answered from 8am to 6pm Pacific Time, Monday through Friday, at a minimum. Customer Services must be available in English and Spanish with the user provided the option to choose the language.

The EBT contractor shall also provide IVR services in English and Spanish. The IVR will be available 24 hours a day 7 days a week and accept calls from cardholder, retailers and Program staff.

The EBT contractor will provide a web portal which will likewise be available for cardholders, retailers and Program staff. The EBT contractor shall test and implement its web portal and/or secure file transfer site in sufficient time to support retailer reporting and secure file transfers. The EBT contractor shall implement a toll-free number to web portal

users including for the support retailers and third party processor questions and disputes over file transfers and settlement in sufficient time to support retailers on day one of the new EBT system operations.

Details of the WIC Program specific customer service requirements is presented in the ***WIC Program specific Scope of Work, Section 4.14.***

For your Nevada SNAP, TANF, and WIC Programs we offer toll-free customer service center support, IVR, and retailer, vendor, and cardholder portals 24/7/365. This means Conduent is always available whenever any of your stakeholders need assistance, not just during typical work hours. Customer service representatives and IVR assistance are provided in English and Spanish and our portals are standard for all cardholders, retailers, and vendors.

We address your project wide customer service center (CSC) requirements throughout our response to this RFP section. We also meet all customer services requirements for your WIC EBT Programs of RFP Section, 4.14 WIC Program Specific Scope of Work.

4.8.1 Objective

The objective of this task is to ensure the vendor provides Customer Service to address the needs of the Program staff, Program clients and the Program's retailers.

Bringing Benefits and Meeting Objectives

- ***Cardholders get prompt customer service through Conduent's 10 customer service center facilities providing call-load balancing in a secure cloud-based environment. If one call center location experiences any problem or an increase in call volume, calls automatically route to another site for fast service. This redundancy and scalability lowers risk and increases customer satisfaction.***
- ***Our highly reliable IVR has not experienced an outage in over three years and is so efficient that more than 99 percent of calls are answered immediately and handled by the system, which provides your cardholders, retailers, and vendors with quick access to needed information.***
- ***When your cardholders call us for help, our IVR remembers their selections and presents their preferences the next time they call. This helps repeat callers get their answers faster, which increases customer satisfaction.***
- ***Our in-house customer service centers offer respectful, professional customer service for cardholders, retailers, vendors, and State personnel 24/7/365, exceeding your requirement at no additional cost to the State***

While picking up the phone has traditionally been the way for SNAP, TANF, and WIC cardholders, retailers, and vendors to seek assistance, they increasingly use the internet or mobile phones to obtain information or services. Today's customer service solution must look beyond the telephone and seek a more comprehensive and balanced approach to communication. However, if one chooses to contact customer support, the process should be a highly efficient and personalized experience that imparts information or services rapidly and safely.

We continually invest in the design, infrastructure, and systems we use to develop an enhanced model of customer support, adding new technical capabilities to our solution that are more reflective of the way Americans live and communicate in today's world. The result is a solution that offers more options for Nevada's program stakeholders to access customer support than any other contractor.

As clarified in Question #1 of Amendment 2, we acknowledge your SNAP/TANF Program and WIC EBT Program call volumes. In 2016 alone, across all our Electronic Payment Services (EPS) government programs, our IVRs answered 913 million calls, with approximately 25.7 million of those calls handled by a CSR. You can be assured that cardholders, retailers, and vendors participating in your EBT Programs will receive the assistance they need, when they need it.

No electronic payment system is complete without a dedicated customer service solution. Accurate and prompt account information must be available to recipients who depend on program benefits to meet their daily needs. Retailers and vendors that accept your Nevada EBT Program cards must have the assistance they need to process transactions and quickly resolve any issues when customers may be in their places of business. Our customer service solution combines an IVR with customer service centers staffed by teams of highly skilled customer service representatives (CSRs), all accessible by toll-free numbers. The retailer/vendor IVRs and customer service centers deliver rapid assistance to retailers and vendors and our cardholder and retailer/vendor web portals offer immediate online assistance.

The following are part of our standard offering:

- ***Toll-free customer service support for all SNAP, TANF, and WIC cardholders, retailers, vendors, and program staff***
- ***Knowledgeable staff always available to support all system users throughout the contract period***
- ***Customer service support is available in English and Spanish with the user given the option to choose the language***
- ***IVR services in English and Spanish***
- ***IVR available 24/7/365 to cardholder, retailers, vendors, and program staff***
- ***Web portals for cardholders, retailers, and vendors***
- ***Administrative Terminal for program staff***
- ***Toll-free number to assist web portal users***
- ***Our customer service solution supports retailer, vendor, and TPP questions and disputes over transactions and settlement in sufficient time to support them on day one of the new EBT system operations***

4.8.2 Activities

In order for the project to have the needed Help Desk/Customer Service the EBT vendor must complete the following tasks, activities and deliverables.

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.8 SNAP/TANF Help Desk Customer Service, and ensure that DHHS' objectives are met. Although the RFP section includes "SNAP/TANF" in the title, there are many similarities in our Connect solutions for SNAP, TANF, and WIC. As such, our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.8.2.1 Establishment and Operation of Customer Service for Cardholders, Retailers and Program Staff.

A. The EBT contractor shall allow cardholders to utilize a secure web-based management tool to obtain online statements of detailed financial transactions posted to the account. The online statements shall be made available at no cost to the cardholder.

B. The EBT contractor shall provide customer service for Program staff, cardholders and retailers. The EBT contractor will provide Manual(s) it proposes to use to support participant, retailers, and

authorized users with live customer service support. The Program staff will assist the EBT contractor in the development of scripts that the Customer Service Representatives (CSRs) will utilize in the provision of Customer Service support for all EBT System users.

C. IVR algorithms and CSR scripts created by the EBT contractor must be approved by each applicable program. Customer Service must be available in both English and Spanish.

D. The EBT contractor shall provide 24 hours per day, seven days per week toll-free telephone access to live customer service representatives and an IVR via a toll-free phone number for cardholders and retailers. Available CSRs must be familiar with and fluent in colloquial English and colloquial Spanish, and competent in operation of Text Telephone (TTY) or other available services for telephone communication with deaf/hard of hearing cardholders.

E. Text Telephone (TTY) capability for cardholders with hearing disabilities and help desk support for clients using rotary phones must be provided.

F. The EBT contractor shall provide State Office and local office staff with assistance via a toll-free number or the EBT contractor provided web site. The program staff will have access to assistance using the online services with the EBT contractor website. Staff with security access based on the security role assignment should have the ability to access technical assistance via the EBT contractor toll-free manned Customer Service line. Customer Services shall be provided from 8:00 AM through 6:00 PM Pacific Time, Monday through Friday, excluding State and Federal holidays.

G. The EBT contractor shall ensure EBT contractor Customer Service Representatives (CSRs) are trained to respond to inquiries and complaints regarding issues with their program benefits, other cardholders, retailers and program staff.

H. The EBT contractor shall provide the following:

1. English and Spanish speaking CSRs to resolve cardholder issues that cannot be resolved by the IVR, including requests for adjustments.

2. Sufficient CSR capacity to meet the contractual service standards for cardholder calls referred to a CSR.

3. CSRs must be able to view account demographic data to verify identity of the caller. All updates to account demographic information shall be initiated by Program staff and CSRs shall not accept or modify client demographic information, but instruct the participant to contact the local

agency/office. As an option, Program staff may request interpretive services for languages in addition to English and Spanish.

Conduent has reviewed and complies with this section's RFP requirements. ***Our cloud-based customer service solution includes 10 networked customer service center facilities located throughout the United States to facilitate rapid and appropriate load-balanced assistance to cardholders, retailers, and vendors. We have chosen to support the customer service needs of your three Nevada EBT Programs through a network of centers rather than relying on one or two specific locations. Should one customer service center location experience a problem or an unmanageable increase in call volume, calls are automatically routed to another site for fast service. You can rely on the full capacity of the call center network to most efficiently handle the incoming call traffic. CSRs throughout the network are highly skilled and experienced in serving EBT and WIC EBT cardholders, retailers, and vendors.***

As noted, our cloud-based customer service solution, which provides services for cardholders, retailers, and vendors, includes 10 customer service centers throughout the United States (see Exhibit VI-9) to balance appropriate load-balancing among all customer service facilities. Should one location experience any problem or increases in call volume, calls are automatically routed to another site for fast and continuous service.

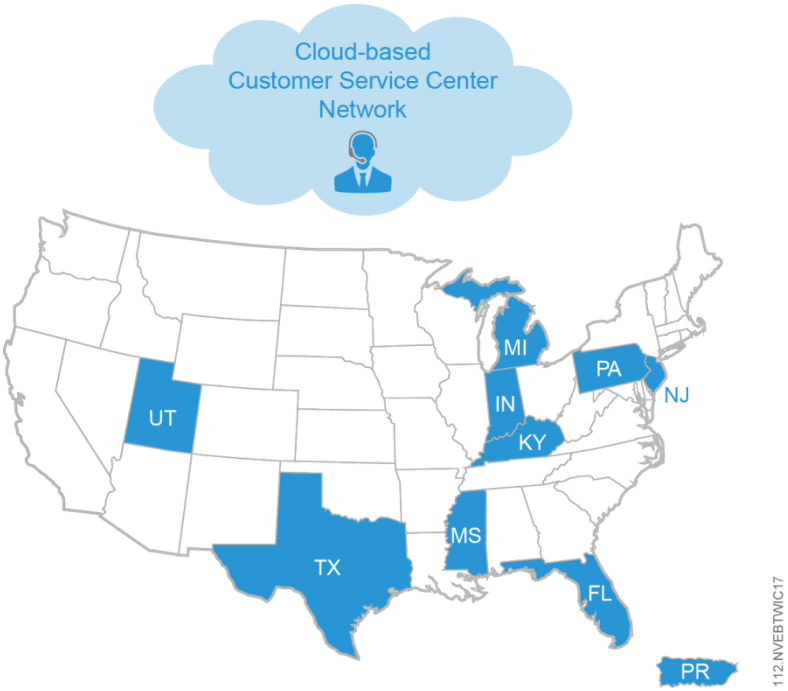

Exhibit VI-9. The Conduent Call Center Network
Our cloud-based service facilities network enables us to readily accommodate surges or spikes in call volume.

IVR. ***Contact Solutions, LLC (Contact Solutions) will be providing IVR services for your SNAP, TANF, and WIC programs. They have a proven history of providing spike-neutral, highly scalable, reliable, and innovative cloud-based IVR and customer self-service functions. With three IVR facilities, shown in Exhibit VI-10, located across the continental U.S., Contact Solutions delivers a highly reliable, redundant IVR capability that offers cardholders, retailers, and vendors with rapid access to a full menu of account and benefit information.***

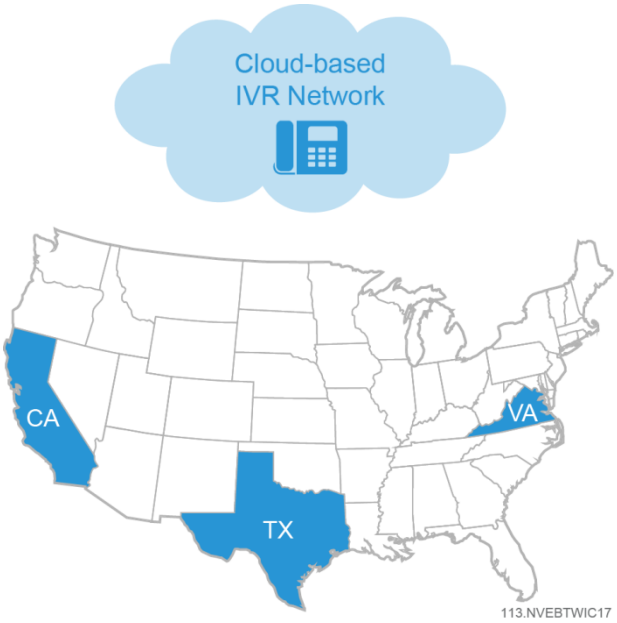

Exhibit VI-10. IVR Network

The cloud-based IVR network assures that fluctuations in call volume are easily accommodated.

All the IVR facilities contain fully redundant IVR platforms. Normally, incoming calls will be assigned to one of the three locations, but calls can be transferred to one of the other two IVR facilities in the event of an outage or the need for maintenance.

Our customer service solution offers cardholders, retailers, and vendors different channels of communication to access customer service. Exhibit VI-11 demonstrates the multiple ways cardholders are able to manage their benefits, and how retailers/vendors can handle their EBT transaction information, which will be explained in more detail throughout this section. As shown, in addition to our standard IVR and CSR assistance, we offer customer care solutions such as our standard web portals, texting, mobile app, and email. Some of these options are standard and some are items to be discussed with DHHS for future enhancement to the Nevada EBT Programs.

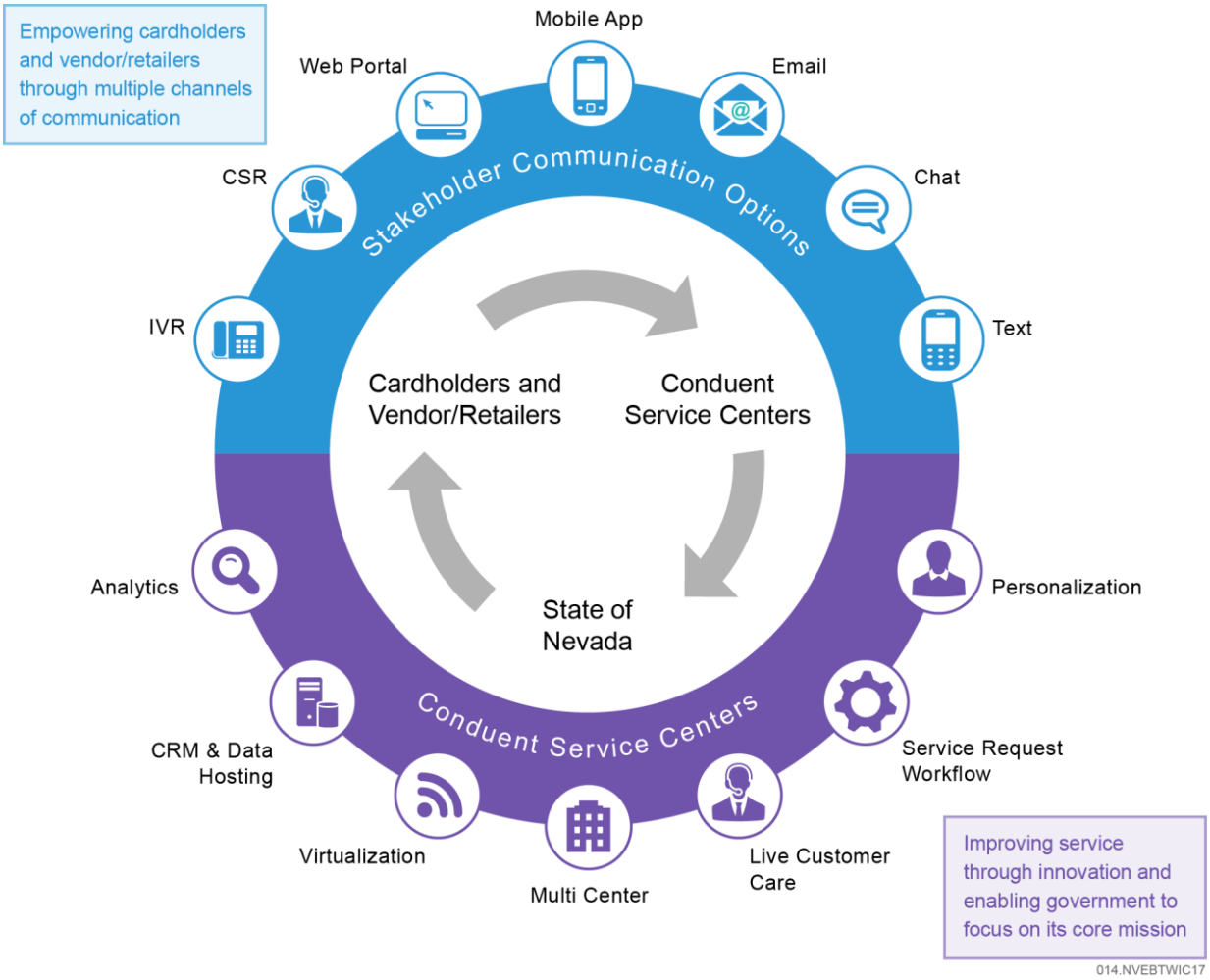

Exhibit VI-11. Multi-Channel Customer Service Model

Our customer service solution continues to evolve, incorporating more secure channels through which cardholders, retailers, and vendors can access the support they need.

This multi-channel model ensures that all who seek assistance can access it at their convenience, increasing program satisfaction across the board. The IVR and our highly skilled CSRs, accessible by a toll-free number, combined with our cardholder and retailer and vendor web portals, offer a wide range of functionality. The key features and services are shown in Exhibit VI-12.

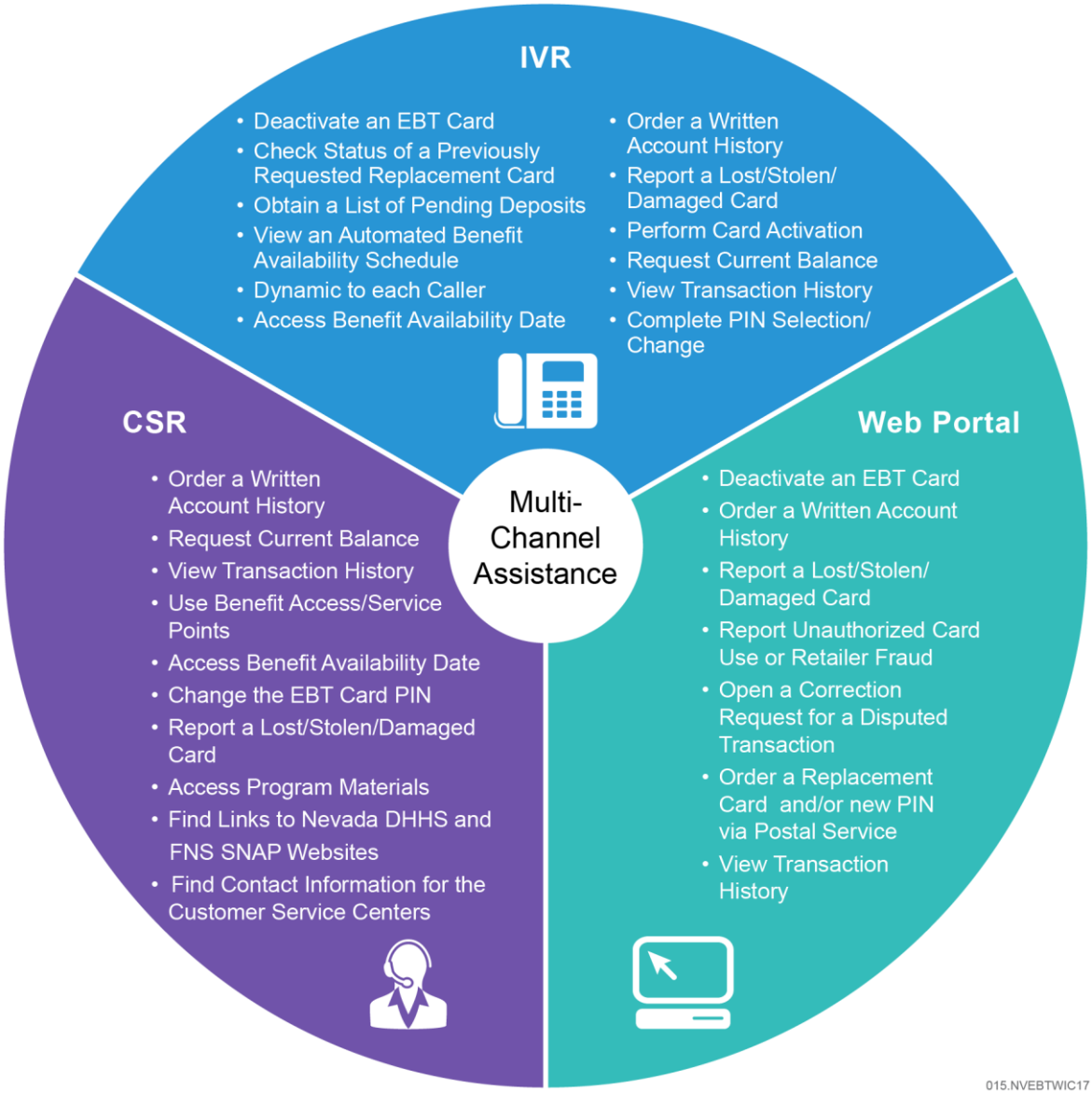

Exhibit VI-12. Multi-Channel Assistance

Cardholders, retailers, and vendors needing assistance can get help in multiple convenient ways.

Table VI-9 displays an overview of services we provide the Nevada EBT Programs for SNAP, TANF, and WIC.

Table VI-9. Customer Service Requirements

Conduent Provides	Requirement
✓	***Our solution allows cardholders to use a secure web-based management tool to obtain online statements of detailed financial transactions posted to the account. The online statements are available at no cost to the cardholder.***
✓	***We provide customer service for program staff, cardholders, retailers, and vendors. We provide manuals to support cardholders, retailers, vendors, and authorized users with live customer service support. We acknowledge your program staff will assist the development of scripts that the CSRs will use in the provision of customer service support for all EBT System users.***
✓	***IVR algorithms and CSR scripts created by Conduent will be approved by each applicable program. Customer service is available in both English and Spanish.***

Conduent Provides	Requirement
✓	***We provide 24/7/365 toll-free telephone access to live customer service representatives and an IVR through a toll-free phone number for cardholders and retailers/vendors. Available CSRs are familiar with and fluent in colloquial English and colloquial Spanish, and competent in operation of Text Telephone (TTY) and other available services for telephone communication with deaf/hard of hearing cardholders.***
✓	***Text Telephone (TTY) capability for cardholders with hearing disabilities and customer service support for clients using rotary phones is provided.***
✓	***We provide State office and local office staff with assistance through a toll-free number. Your program staff will have access to assistance using the online services through the Administrative Terminal. Staff with security access based on the security role assignment have the ability to access technical assistance through the toll-free manned EPPIC24 customer service line. Customer services are provided 24/7/365.***
✓	***CSRs are trained to respond to inquiries and complaints regarding issues with their program benefits, other cardholders, retailers, and program staff.***
✓	***English and Spanish speaking CSRs are available to resolve cardholder issues that cannot be resolved by the IVR, including requests for adjustments.***
✓	***We maintain sufficient CSR capacity to meet the contractual service standards for calls referred to a CSR.***
✓	***CSRs are able to view access demographic data to verify identity of the caller. All updates to account demographic information will be initiated by program staff. CSRs cannot accept or modify client demographic information, only instruct the participant to contact the local agency/office. As an option, program staff may request interpretive services for languages in addition to English and Spanish.***

WIC EBT Program Variances for Customer Service Requirements

Our response previously described in this section includes our WIC Connect solution. However, to meet the specific needs of the WIC EBT Program in compliance with RFP Section 4.14.2.17, WIC Program Customer Service Requirements, we provide additional information in the following paragraphs.

We deliver the same thorough and dedicated customer service in all our programs. Variations that we will be tailoring the customer service requirements, IVR, and portals to focus on WIC vendors, staff, and participants and what they need to know, include but are not limited to:

- ***Recording all reported issues, whether from the cardholders, the vendors, or the WIC staff***
- ***We will respond within one hour of the initial report and each hour after until the issue is resolved or a temporary solution is found***
- ***We will track and report the issue with pertinent data (i.e., tracking number, resolution progress, etc.) through phone, email, or hardcopy reports throughout the issue resolution process***
- ***IVR and customer service center error tracking logs and general activity data reports on a weekly basis***

4.8.2.2 Customer Service Representative Training

The EBT contractor shall provide a training course for its customer service representatives (CSRs) on all applicable aspects of customer service responsibilities, including but not limited to cardholder security, retailers and EBT system user questions or requests are answered and assurances that callers are treated with respect. The Nevada Program staff will assist the EBT contractor in the development of the training materials and the scripts to answer caller's frequently asked questions that the Customer Service Representatives (CSRs) will utilize in the provision of customer

service support. The EBT contractor shall ensure EBT contractor CSR staff are trained to respond to inquiries and complaints regarding the, SNAP and TANF cardholders, retailers/vendors and staff. The manual shall also define the operations of the systems' IVR and or Web Portal.

Conduent has reviewed and complies with this section's RFP requirements. ***When a new program is initiated, all staff assigned to the program will receive an inclusive initial training course covering every aspect of the new program. Areas covered during training include but are not limited to:***

- ***Customer service responsibilities***
- ***Cardholder security***
- ***Retailer, vendor, and system user questions***
- ***Responses to inquiries and complaints regarding cardholders, retailers, vendors, and staff***
- ***Operation of the IVR and web portals***
- ***Supervisor monitoring of CSRs to monitor quality and performance***

4.8.2.3 Establishment and Operations of Contractor Provided Hosting Services

The EBT contractor shall implement full service system hosting services, completing all settlement, reconciliation, card replacement and reporting services as defined in this RFP. Hosting services will be tested during the UAT and will continue throughout the contract period of performance.

Conduent has reviewed and complies with this section's RFP requirements. ***As noted throughout our RFP response, we provide you with a full-service hosting environment built on the EPPIC platform including settlement, reconciliation, card replacement, and reporting services as defined in this RFP. We acknowledge all hosting services will be tested during UAT and continue throughout the life of the contract.***

4.8.2.4 Cardholder Customer Service Requirements

A. The EBT contractor shall provide a cardholder customer service that meets or exceeds the current Nevada EBT contractor's customer service and customer service performance standards as specified in ***Appendix E: Performance Standards***. For reporting purposes, the EBT contractor shall provide IVR and Customer Service Center activity data.

B. The IVR providing the full range of cardholder customer service functions shall be available 24 hours per day, seven (7) days a week. The Program staff shall review and approve the transaction flow and content of all IVR messages, prompts, and customer service scripts regarding user questions or issues. The EBT contractor shall provide documentation and scripts to the Program staff a minimum of 60 calendar days prior to their implementation. The EBT contractor shall not change IVR messages, scripts or menu functions without prior written approval of the Program staff.

C. As applicable to the technical solution and options selected by the Program staff, the EBT contractor shall test and implement its IVR system, live customer service support and participant web portal to

support participants. This solution shall be tested and operational in advance of the beginning of the phased implementation. The Project Management Team requests the ability to listen to live calls made to the customer service support line. Program staff will randomly request time to monitor these calls to ensure that proper instructions and information are given to Nevada EBT program participants, as well as monitoring response time. ***From RFP Amendment 1: The State agrees to the 48 hour request for the Contractor to establish the call monitoring session.***

D. The IVR and/or Customer Service Representatives CSR(s) shall support the following cardholder customer service functions:

1. Report a Lost/Stolen/Damaged Card, Unauthorized Use of a Card or the Non-Receipt of a Card: The caller's identity must be confirmed prior to disabling the card. Prior to replacing a card, the cardholder's address must be confirmed, unless otherwise determined by the Nevada Programs to not be needed.

2. Current Balance Inquiry: Current Balance shall provide real-time account balance information.

3. Transaction History: Transaction History shall provide the last ten (10) transactions by benefit program, i.e., transaction number, amount, and date. If the client/provider requests, the deposit history of a minimum of the last 10 transactions will also be provided by benefit program.

4. PIN Selection or PIN Change: Cardholders shall have the option of selecting or changing their PIN via a single call to the IVR.

5. Benefit Access/Service Points: Callers shall be given up to date information about POS/ATM locations where benefits may be accessed.

6. Benefit Availability Date: Callers selecting this option shall be given the date benefits will become available based on the issuance schedule supplied by the Program staff.

7. Support for Customer Service WEB Portal/Website: Support shall be provided for clients having trouble accessing or using the Customer Service Web Portal/Website.

   The EBT contractor shall provide a customer service website for cardholders. The functionality of the cardholder website shall be the same as the functionality for the cardholder CSC. Program staff shall review and approve the web site before the EBT contractor allows public access. The EBT website

shall contain links to the State's Department of Health and Human Services website and will also provide general program benefit information. The client portal shall be available in English and Spanish.

8. Request a replacement card for SNAP or TANF.

9. Other Optional Services: The EBT contractor may offer other services, such as bill pay, to cardholders. If offered, these services will be made available to cardholders at the option of the State.

Conduent has reviewed and complies with this section's RFP requirements. ***We develop our overall customer service staffing capacity plan using several assumptions. We examine the current program data over the most recent 12 months and use this to create a projection for the first 12 months of the ongoing program. Most importantly, we incorporate your performance standards as specified in RFP Appendix E, Performance Standards.***

Scripts. ***For your EBT Programs, we review the current IVR scripts as the starting point and consult with our experienced IVR subcontractor, Contact Solutions, for their recommendations on how to optimize the scripts to improve the IVR experience. This consultation ensures that all callers receive efficient and responsive customer care that securely provides accurate and timely account information.***

Your program staff reviews and approves the transaction flow and content of all IVR messages, prompts, and customer service scripts regarding user questions or issues. We provide all scripts and documentation prior to their implementation. We never change IVR messages, scripts, or menu functions without prior written approval of the program staff.

Testing. ***Testing prior to implementation demonstrates that the IVR infrastructure, including scripts, properly accepts, processes, and accurately and securely transfers retailer, vendor, and cardholder calls within State requirements and according to the specifications defined in the RFP. In addition to demonstrating that the IVR properly handles expected call volume, we also confirm that all system specifications and services requirements are met including live customer support and web portals.***

Your project management team will have the ability to listen to live calls made to the customer service center IVR and CSRs to confirm that proper instructions and information are given to cardholders of all three EBT Programs. We provide this service within 48 hours of the request for monitoring. At the completion of testing we produce and submit an IVR Test Report that describes the tests conducted, the results, any issues identified, any corrective actions taken, and any retest results.

Functionality. ***The IVR and customer service center provide a full range of cardholder customer service functions available to callers, including all functions required in this RFP section.***

4.8.2.5 SNAP Retailer Customer Service

A. The EBT contractor shall provide SNAP Retailer Customer Service support and program information via a toll-free number, 24 hours a day, seven (7) days per week. Retailer customer service support shall include support for all authorized retailers including farmers' market retailers and retailers without POS equipment. The EBT contractor shall ensure through technical design, resource allocation, and staffing that each retailer call is answered in accordance with specified Performance Standards. Refer to Appendix E: Performance Standards.

B. The EBT contractor shall provide a retailer customer service call center that provides the following:

1. Toll-free and without charge or fee to the retailers;
2. Accessible to all retailers;
3. Used exclusively for retailer support;
4. Operated and staffed in a financial industry standard manner; and
5. Not limited for the number of calls a retailer makes.

C. The EBT contractor's retailer CSC shall support the following functions:

1. Voice Authorizations: The EBT contractor shall equip and program the IVR to provide voice authorization for SNAP transactions. CSRs shall also support voice authorizations.

2. EBT-only Retailer Support: The EBT contractor shall provide, via the Retailer CSC, the following services for EBT-only retailers:

a. Support, training and problem resolution on EBT-only POS equipment;

b. Settlement information and reconciliation procedures;

c. Support on system adjustments and resolution of out-of-balance conditions;

d. General information regarding EBT policies and procedures;

e. Process requests for POS tapes and other POS supplies; and

f. Retailer EBT signage and posters.

D. Farmers' Market Retail Support: The EBT contractor shall provide customer support to farmer's market retailers using wireless or other POS technology.

Conduent has reviewed and complies with this section's RFP requirements. Our services for all retailers and vendors including farmers' market retailers and retailers without POS equipment, provide for a double customer service function. Since retailers and vendors represent the primary point of benefit access for cardholders, they receive full support as key participants in the Nevada EBT Programs. More importantly, quick and reliable customer service support for retailers and vendors ultimately means better service for your cardholders. During calls, retailers and vendors are extended the same convenient access to services and efficiency that cardholders receive. While the retailer or vendor is on the phone, a cardholder may be standing at the checkout counter

waiting to complete a transaction. We understand this and carefully train our CSRs in how to help the caller to complete transactions quickly and efficiently.

Our recognized customer support for retailers and vendors offers, at a minimum, the following required services:

- ***Support, training and problem resolution on EBT-only POS equipment***
- ***Settlement information and reconciliation procedures***
- ***Support on system adjustments and resolution of out-of-balance conditions***
- ***General information regarding EBT policies and procedures***
- ***Process requests for POS tapes and other POS supplies***
- ***Retailer and vendor EBT signage and posters***
- ***IVR voice authorization for SNAP transactions***
- ***CSR support for voice authorizations***
- ***Customer support to farmer's market retailers and vendors using wireless or other POS technology***

4.8.2.6 Retailer Customer Service Website

The EBT contractor shall provide a customer service website for SNAP retailers. The functionality of the retailer website shall be the same as the functionality for the retailer CSC. In addition, for EBT-only retailers, the website shall provide a transaction history. Client EBT card numbers shall be truncated in the transaction history. The SNAP staff shall review and approve the web site before the EBT contractor allows retailer access.

Conduent has reviewed and complies with this section's RFP requirements. In addition to the cardholder web portals, we develop, maintain, and operate retailer and vendor web portals that provide easy access to program and account information when it best suits their schedule. Our retailer and vendor web portals offer the same functionality retailers/vendors can get from the IVR and CSRs including; inquiries on how to report equipment issues, transaction history, voucher-clear processing, and links for program information and training. All client EBT numbers are displayed in a truncated format.

The cardholder web portal is accessible anytime day or night, granting easy access to customer services and cardholder information. Our goal is to make access to information, card status, transaction data, and other critical details as convenient and simple as possible. The web portals for your three EBT Programs allow cardholders to easily check their balances, view their transaction history, and access EBT and WIC program information.

We acknowledge program staff will review and approve all web portals before allowing access.

4.8.2.7 SNAP and TANF State and Local Agency/Office Assistance

The EBT contractor shall provide State and local office staff with assistance via a toll-free number or the EBT contractor provided web site. The Program staff will have access to assist using the online services with the EBT contractor website or those with security access, based on the Program management staff security role assignment. The Program staff should have the ability to access technical assistance via the EBT contractor toll-free manned Customer Service. The likely time for the Customer Services would be from 8:00 AM through 6:00 PM Pacific Time, Monday through Friday, excluding State and Federal holidays.

Conduent has reviewed and complies with this section's RFP requirements. ***Our technical services support group and "first" in the industry—EPPIC24—delivers immediate and appropriate assistance for EBT-related issues to State and local office staff through a toll-free number. EPPIC24 monitors system performance and file transfers to and from State data centers 24/7/365 so that your staff are immediately notified of potential problems.***

The EPPIC24 technical support customer service center is in Austin, Texas. It serves as a point of contact for all our state customers to confirm any system-related issues are investigated and resolved as soon as possible. The customer service center trained specialists receive reports of technical problems or system issues, open tickets, assign these tickets to technical resources, and then track, follow up, and report on progress towards resolution. All calls from State and local office staff are logged, tracked, and reported to provide a complete record and to assist with rapid identification for follow up. ***This human element delivers a more effective approach than off-the-shelf software product others may offer—available 24/7/365, and exceeding your requirements.*** ***A data sheet with additional information is shown in Exhibit VI-13.***

Electronic Payment Services

EPPIC24

EPPIC24 is our toll-free, 24/7 support center dedicated to providing customer service to our Electronic Payment Services (EPS) customers.

WHO SHOULD CALL EPPIC24?

- State project support staff
- State IT operations
- Third Party Processors

The EPPIC24 support center services the following products: Electronic Benefit Transfer (EBT), Electronic Payment Card (EPC), e-ChildCare (e-CC), and WIC EBT.

WHAT HAPPENS WHEN I CALL?

- Provide the state and product; e.g., Nevada SNAP/ TANF EBT Program or Nevada WIC EBT Program
- Provide your organization, name and contact information
- Provide a description of the issue

The representative then logs the call, providing a ticket number for tracking purposes and either provides immediate resolution, begins working the issue, or escalates the issues to the appropriate Conduent staff person. You may expect timely response from support center personnel and/or your respective Conduent Project Manager.

WHEN TO CALL THE EPPIC24 SERVICE CENTER:

- File transmission issues (both incoming and outgoing)
- Report issues
- System issues

We also offer an EPPIC24 email address for additional communication during the resolution of the issue. The email address is eppic24@conduent.com.

STRIVING TO MEET OUR CUSTOMERS NEEDS

EPPIC24

877-377-4211
(877-EPPIC11)

Please contact your Conduent Project Manager if you have any questions.

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Exhibit VI-13. EPPIC24 Support Services
EPPIC24 provides 24/7/365 access to assistance for program staff.

Program Staff. ***Our web-based Administrative Terminal offers the industry's simplest point-and-click system that allows authorized Conduent, State, and federal users to perform online, real-time system inquiries and updates through an intuitive, easy to navigate, graphical screen display. We designed our Administrative***

Terminal to provide user-friendly formatting, navigation, and typical web functions such as "point-and-click," drop-down options, and edit verification.

User type security is a high-level category that defines the minimum set of functions allowed for each defined grouping. Each user is designated as a particular type, or types, as determined by the program management security. Examples include: eligibility worker, finance/settlement, fraud/investigative, USDA FNS staff, or disaster workers, among others. User types strictly delineate the user roles and limit the ability of users to perform functions outside of their type. This limitation is especially important for user security.

Your staff directly controls the selection of authorized individuals and the type of access users have, allowing specific staff the ability to assist cardholders, retailers, and vendors.

4.8.2.8 Pay Phones

Currently, Nevada SNAP pays for the cost of 800 customer service phone calls. This practice will continue under the resulting contract from this RFP. On average, there are approximately 700 to 800 toll-free calls per month.

Conduent has reviewed and complies with this section's RFP requirements. We acknowledge that Nevada SNAP currently pays the cost of approximately 700 to 800 customer service phone calls per month and this will continue under the new contract.

4.8.2.9 SNAP/TANF Help Desk/Customer Service Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete.

4.8 SNAP/TANF HELPDESK/CUSTOMER SERVICE			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.8.3.1	Establishment and Operation of Customer Service for Cardholders, Retailers and Program Staff	4.8.2.1	**~~10~~ N/A**
4.8.3.2	Customer Service Representative Training	4.8.2.2	**~~10~~ N/A**
4.8.3.3	Establishment and Operations of Contractor Provided Hosting Services	4.8.2.3	**~~10~~ N/A**
4.8.3.4	Cardholder Customer Service Requirements	4.8.2.4	10
4.8.3.5	SNAP Retailer Customer Service	4.8.2.5	**~~10~~ N/A**
4.8.3.6	Retailer Customer Service Website	4.8.2.6	10
4.8.3.7	SNAP and TANF State and Local Agency/Office Assistance	4.8.2.7	**~~10~~ N/A**
4.8.3.8	Pay Phones	4.8.2.8	**~~10~~ N/A**

We have reviewed the required deliverables for RFP Section 4.8, SNAP/TANF Help Desk/Customer Service, and we will comply as illustrated in Table VI-10.

Table VI-10. Project Wide Account Processing Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.8.3.1	Establishment and Operation of Customer Service for Cardholders, Retailers and program staff	4.8.2.1	N/A	✓
4.8.3.2	Customer Service Representative Training	4.8.2.2	N/A	✓
4.8.3.3	Establishment and Operations of Contractor Provided Hosting Services	4.8.2.3	N/A	✓
4.8.3.4	Cardholder Customer Service Requirements	4.8.2.4	10	✓
4.8.3.5	SNAP Retailer Customer Service	4.8.2.5	N/A	✓
4.8.3.6	Retailer Customer Service Website	4.8.2.6	10	✓
4.8.3.7	SNAP and TANF State and Local Agency/Office Assistance	4.8.2.7	N/A	✓
4.8.3.8	Pay Phones	4.8.2.8	N/A	✓

4.9 PROJECT WIDE DISASTER RECOVERY AND SUPPORT

The EBT contractor will be required to provide disaster recovery and EBT system support in the event of a disaster as defined in the Project Wide Business Continuity/Disaster Recovery Plan (see ***Section 4.4: Planning and Administration***.) FNS has issued guidance regarding disaster benefits. The Disaster Food Stamp Program Guidance, USDA, FNS, Dated July 2014, requires that States develop a State Agency Disaster Supplemental Nutrition Assistance Program Plan and review the plan annually. The EBT contractor would then provide a detailed Disaster Plan defining how the delivery of benefits and cards will be provided in the event of a localized or statewide disaster. See also ***Appendix D: Nevada Disaster Preparedness Plan***. The CPCM will include all costs related to disasters recovery and support.

We address your project wide disaster recovery and support requirements throughout our response to this RFP section.

4.9.1 Objective

The objective of this task is to ensure the contractor has a viable plan in place to address disaster planning, recovery and support for all programs.

Bringing Benefits and Meeting Objectives

- ***Conduent has provided disaster services and supported card program recovery efforts after numerous major disasters—Hurricanes Joaquin, Andrew, Floyd, Ike, Isabel, Ivan, Rita, Katrina; Superstorm Sandy; Arkansas ice storms; severe storms and floods in Mississippi; and tornadoes and floods in Iowa and Oklahoma. The State can rest assured that if disaster strikes, its cardholders will have reliable access to their funds as quickly as possible.***
- ***Our thorough, regularly tested business continuity and disaster recovery planning methodology adheres to rigorous industry standards and audit guidelines that serve as key components of our EBT programs nationwide, providing the State and its stakeholders comfort knowing we'll be there if disaster strikes.***
- ***We have backup and redundancy in place for our system, data centers, communications, IVRs, customer service centers, card production and issuance so you can count on continued program operations during any disaster.***
- ***Your Disaster Recovery and Business Continuity Plan is geared to provide for rapid restoration of EPPIC's SNAP, TANF, and WIC EBT account database, processing functions, and communications with the State.***

As we have shown numerous government agency customers in times of greatest need, Conduent meets the challenges presented when disaster strikes or system failures occur. We address such situations head on and satisfy the needs of our state partners and their stakeholder communities in a timely and efficient manner. Nevada can expect the same preemptive efforts and results from Conduent if disaster strikes.

Our proposal for your EBT Programs provides for rigorous, highly detailed disaster recovery planning, backed by a redundant technical infrastructure that can quickly return operations and service to normal—even as we expand services to citizens affected by a disaster. In our history of providing EBT services to multiple states, we have successfully managed multiple real-world disasters. We know that the sooner EBT systems and operations can provide support, the more effective we can be to help communities recover from their losses. We have a proven plan in place that is tailored to your EBT Programs that includes thorough readiness planning for disasters, activities and processes for system and service recovery, including support for program cardholders, retailers, vendors, program administrators, and other stakeholders.

The true test of an effective EBT system and contractor comes during an emergency or disaster. Simply stated, Nevada program cardholders, retailers, and vendors all depend on the availability of our EBT and WIC Connect solutions, running on our reliable EPPIC platform. Particularly important are the cardholders who may have little to fall back on in terms of reserve financial resources to purchase food and services. Retailers need continuity for one simple reason—if a system goes down and processing halts, so does their business.

Last but certainly not least, with so many demands on their time, your program administrators and staff count on efficiently operating EBT Programs to save significant time and effort that they can then apply to other areas. Recognizing the importance of readily available benefits, we share your goal to continue transaction processing and disbursement of benefits regardless of adverse situations leading to systems and telecommunications failures, as well as in natural and other disasters.

Success Story: At-A-Glance

Client: Louisiana Department of Children and Family Services

Focus: Disaster Recovery Teamwork

In August of 2016, heavy storms caused catastrophic flooding in Baton Rouge and across the surrounding region. The flooding destroyed 60,000 homes and left 25,000 people in shelters. **Louisiana's Department of Children and Family Services (DCFS), our EBT customer since 2010, activated the DSNAP program to provide emergency support for affected citizens. DCFS issued more than 122,000 disaster cards during the flood response, with more than 180,000 SNAP households overall receiving emergency and replacement Disaster SNAP benefits.** The Conduent team is proud of the operational and systems support we provided for this effort, but the real privilege was seeing the preparation, commitment, and compassion with which DCFS tackled this serious emergency.

Please see our response to RFP Section 5.1.10 for full details.

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We always perform complete testing of our disaster services under simulated conditions, but in several cases, we have had to implement these provisions in other state EBT services programs under serious conditions and real-life situations. As recent months have shown with Hurricanes Harvey and Irma, disasters can strike at the blink of an eye. Although Nevada isn't a coastal state typically threatened by hurricanes, the State needs a partner that has the processes in place to handle a disaster if and when it occurs.

4.9.2 Activities

The approved vendor must complete the following activities.

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.9, Project Wide Disaster Recovery and Support, and ensure that DHHS' objectives are met. Our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.9.2.1 Backup Procedures

The EBT contractor shall provide for backup procedures to ensure the continuation of operations in the event of a halt or major disruption in WIC, SNAP and TANF operations due to a disaster. In the event the State activates its SNAP and TANF disaster hot site, the EBT contractor shall interface with the site for continuation of benefit services to SNAP and TANF clients. It is the preference of the State that the SNAP/TANF interoperability standard be maintained during a disaster situation except that retailers, who do not have a POS device to clear SNAP or TANF manual vouchers, shall be advised not to accept out-of-state cards. Communications between the State hot site and the EBT contractor's EBT systems and the EBT contractor's back-up site shall be tested annually or as designated by the State.

Conduent has reviewed and complies with this section's RFP requirements. EPPIC infrastructure includes two fail-safe systems—a redundant, secondary hot back-up system located in the same data center as the primary one in Dallas, Texas, and a tertiary system in a separate geographical area, the Pittsburgh, Pennsylvania data center. All our system components (e.g., hardware, software, and communications) are fully redundant and use proven products and technologies that provide for a reliable, high-availability processing environment. Our system configuration significantly reduces the likelihood of a primary site outage. If a system component fails, its redundant component at the same primary data center facility continues operation.

We use database replication services to ensure that the primary, secondary, and tertiary databases are synchronized. If the primary system fails at the Dallas processing center, the secondary system continues to process all transactions until the primary system comes back online. Should the primary processing center experience a more serious outage where both systems fail at the Dallas data center, we efficiently cut over to the Pittsburgh site. Additionally, since the back-up data center in Pittsburgh houses the same hardware and communication access points as the primary data center, the process for cutting over to the back-up data center simply involves configuring the back-up system to be in primary mode and re-routing transaction traffic to the back-up site.

In the unlikely event of an outage in the primary system, our data center staff coordinates the transition of the host processing and telecommunications network services to the onsite (secondary) back-up system, which has the same data and functions as the primary system. In the same manner, we cut over to the remote (tertiary) back-up system in Pittsburgh using the steps shown in Exhibit VI-14.

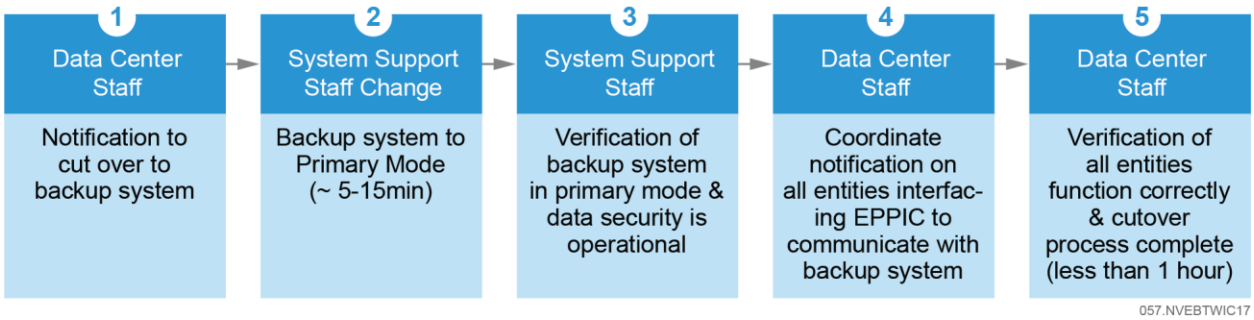

Exhibit VI-14. Steps for Cutover to Remote Back-up System
Established process for cutting over to our remote back-up system ensures a timely transition.

Note that we expect our data center locations to change over the life of the contract as we transition to more robust Tier 3 Data Centers. While this may require a change in locations, all data centers will remain within the United States. We will notify you of any changes as they occur, and transition will be seamless.

It is important to note that Conduent has dedicated significant financial and human resources to make certain that our back-up systems, infrastructure, and processes lead the industry. In 2014, we doubled the bandwidth of the telecommunications infrastructure, upgraded and added new hardware, installed new monitoring tools, and obtained the Everbridge Mass Notification tool, described later, which allows us to quickly notify Nevada EBT Programs staff, Conduent staff, and other participating entities about system issues or outages.

We test communications between the State hot site and our primary EBT Connect solutions on EPPIC and our back-up site annually or in a timeframe as designated by the State.

We understand that you prefer that the SNAP/TANF interoperability standard be maintained during a disaster situation except that retailers, who do not have a POS device to clear SNAP or TANF manual vouchers, shall be advised not to accept out-of-state cards. We will comply with this preference.

Communication During a Disaster. We use the Everbridge Mass Notification tool to quickly notify appropriate Nevada and Conduent staff, and others about system issues or outages. Everbridge provides both text and email alerts in the event of an issue. An important feature of this system is its customizable contact management capability; individual contacts or contact groups are pre-established and all available communication paths including business telephone contact, mobile telephone contact, SMS contact and email are predefined. These communication methods provide Nevada with up-to-date information about the EBT Programs–using latest-generation technology–ensuring the State is well informed during a disaster. Exhibit VI-15 shows the dashboard in our Everbridge tool and Exhibit VI-16 and Exhibit VI-17 illustrate the email alert and text messages available in the mobile application respectively.

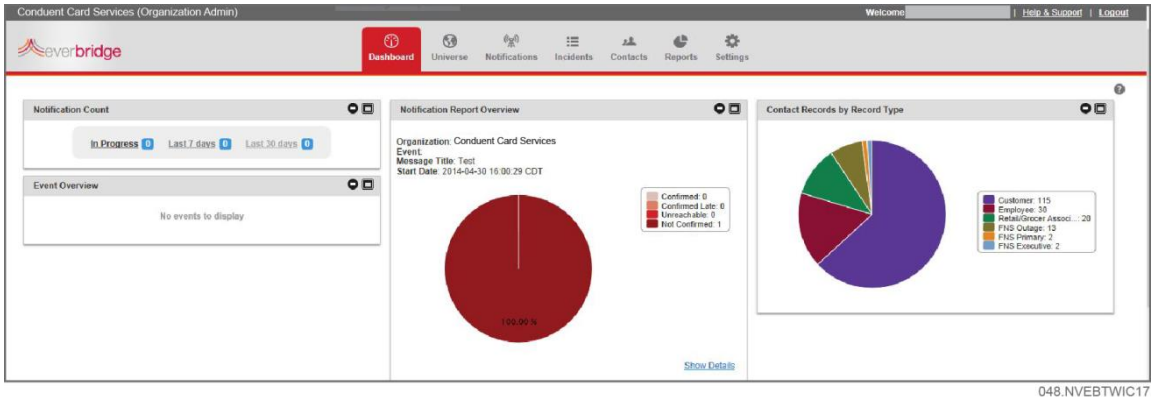

Exhibit VI-15. Everbridge Notification Dashboard
Conduent technical staff members monitor the Everbridge notification dashboard in the unlikely event of system issues or outages.

From: Conduent Card Services Alerts <conf-1138923259@everbridge.net>
Sent: Sunday, April 17, 2016 2:21 PM
To:
Subject: Test - Conduent Card Services Event Notification

Please click here to acknowledge receipt of this message

Dear Conduent Card Services Stakeholder

This is a test of the new Conduent Card Services Event Notification Tool. This is only a test.

Impacted Services: Transaction Processing.
Notification Type: Initial.
Product: EPC.
State: Multi-State.
Event Dat/Start Time: 04-17-2016 at 2:00:00.
Event Date/End Time: .

No additional action is required at this time. This is a test

Please contact your Conduent Program Manager for additional information. Additional updates will be distributed as available.

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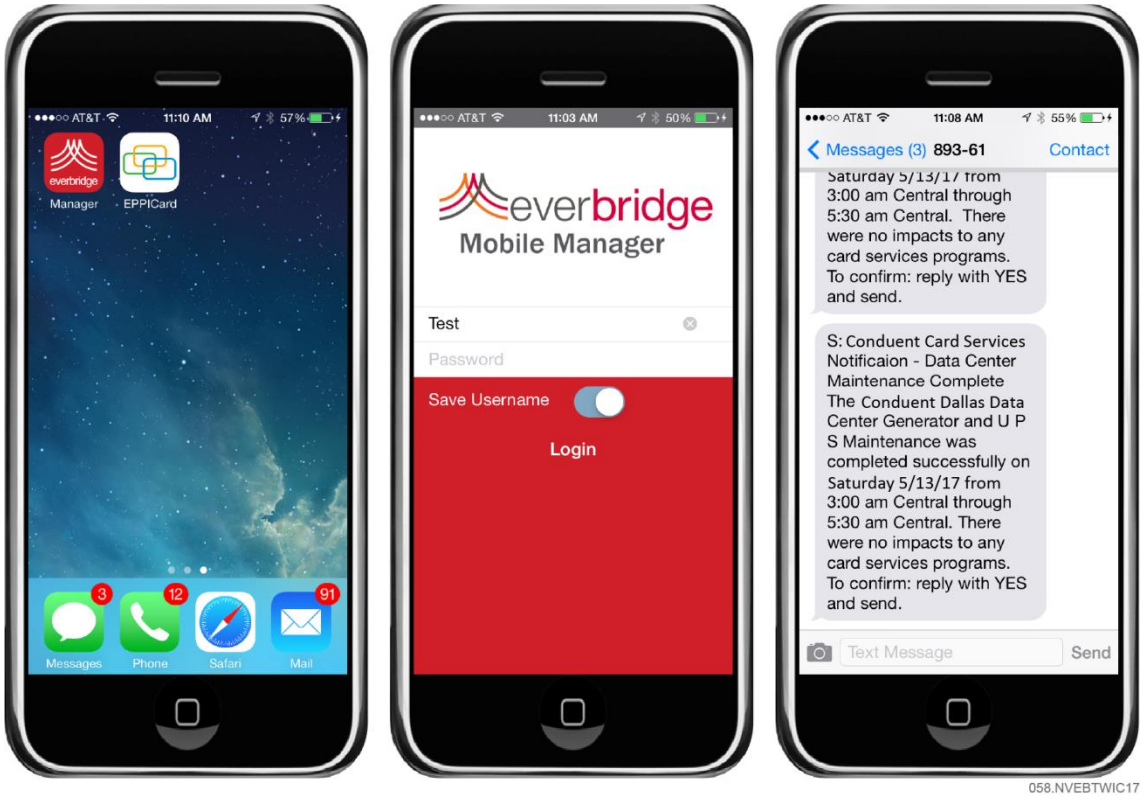
Exhibit VI-16. Everbridge Email Notification
Nevada staff, Conduent, and other parties can be notified of a system issue or outage through email.



058.NVEBTWIC17

Exhibit VI-17. Everbridge Text Notification and Mobile Application
Everbridge notifications also can be delivered through text message to designated system users.

4.9.2.2 The EBT contractor shall provide the EBT Programs with the capability to respond to an emergency or disaster by providing the following disaster functionality:

A. SNAP/TANF Certification Processing: In the event of a disaster, SNAP/TANF clients are required to complete an application and go through an application screening, eligibility review and verification process. The EBT contractor shall provide the systems and procedures necessary to allow the State to certify clients during a disaster. During a disaster, eligibility criteria and verification rules may be relaxed. The State must include a review process if benefits are denied and the EBT contractor must support this review process.

B. SNAP and TANF Benefit Issuance: The EBT contractor shall provide the necessary systems and procedures required to ensure the continuation of the SNAP and TANF Programs' benefit issuance function. The disaster EBT system must provide easy integration and reconciliation with the Programs' certification/eligibility systems and the EBT processor's database. Participants must have access to benefits within 3 calendar days of the application.

C. On-line Cardholder Account Set-up and Benefit Issuance: The Programs' staff require the ability to set up accounts for the new SNAP or TANF clients in a disaster quickly and provide them with emergency benefits. These benefits are specifically targeted for disaster assistance and must be used within a certain number of days, specified by the State.

D. SNAP and TANF Card Issuance: The EBT contractor shall provide to the specific Nevada Program, the necessary disaster cards for distribution to the SNAP and/or TANF clients in the event of a disaster. The EBT contractor must be prepared to implement a disaster card distribution system in the event of a disaster. The disaster EBT cards must provide easy integration and reconciliation with the Programs' certification/eligibility systems and the EBT processor's database.

E. Vault Cards: If a disaster has been declared, emergency vault cards with pre-assigned PINs shall be shipped via overnight express, on the same day of the State's request, to issuance sites. The State will determine the number of cards required for same day shipment. The remaining cards shall be available to the State within five (5) calendar days of the request.

F. SNAP and TANF Benefit Access: Participants must have access to benefits within 3 calendar days of the application. Disaster EBT cards and PINs must be issued to participants and retailers must have access to manual vouchers if POS terminals and communications are not available. Disaster EBT cards may be pre-

loaded with specific benefit values and allow for SNAP and TANF to be accessed using a single EBT card.

G. Specialized Reporting in a Disaster: The Programs require the ability to view issuance, transactions and other information for disaster benefits.

H. Federal Disaster Reporting: The EBT contractor shall implement a disaster EBT system that supports the SNAP and TANF Programs' in complying with Federal disaster reporting and reconciliation requirements. Reporting requirements include:

1. Card production and issuance reconciliation;
2. Benefit authorization and posting reconciliation;
3. Benefit expungements; and
4. FNS notification of disaster benefits issued.

I. Disaster System Testing: The EBT contractor shall be required to conduct periodic (as designated by the State but no more than semi-annually) tests of the disaster EBT system and shall test the system prior to use in a disaster.

J. Program Integrity and Fraud Prevention: The EBT contractor must develop strategies to prevent fraud and ensure program integrity.

K. Post Disaster Review: The EBT contractor shall support the State in complying with FNS requirements for a post disaster review of certification, benefit issuance and fraud prevention.

L. Batch File Processing in a Disaster: At the end of the day, the EBT Programs shall send the EBT contractor account set-up records via a batch file containing the actual card information and cardholder demographics. These records will be used to update cardholder records which have been added to the system through the administrative terminal or batch processes. Cards shall not be generated by this file, regardless of how the card issuance flag is set. If the State EBT Programs' unique ID is not found, an error will occur causing the record to reject. Rejects shall be reported in the confirmation return file and must be viewable online via an administrative system screen or report. Program staff may send the remainder of the cardholder's benefit via a batch benefit authorization file.

M. Disaster Customer Service Support: In the event of a disaster, the EBT contractor shall provide the same scope of services to retailers for the IVR and Customer Service Center. The IVR shall provide retailers with a disaster message. Because call volumes may increase, the EBT contractor shall increase the number of customer service representatives available to support retailers.

Conduent has reviewed and complies with this section's RFP requirements. ***Conduent provides the disaster functionality and services needed to enable Nevada to respond an emergency or disaster. In the event that the State's eligibility systems are down, we are still able to provide administrative functionality to you to provide continuation of EBT services. When the State's systems are restored, we can provide an extract file containing the disaster information entered into EPPIC while the State's systems were down to ensure systems are updated and contain the latest disaster information. We describe some of our disaster functionality and processes in the following narrative.***

Certification Processing

We recognize that clients are required to complete an application and go through an application screening, eligibility review, and verification process to receive benefits during a disaster or emergency. Once clients are certified eligible for EBT benefits by the State, EPPIC provides authorized State users with the ability to set up EBT accounts on the Administrative Terminal, issue EBT cards and PINs, and issue benefits to accounts for certified clients during a disaster. We understand that during a disaster, eligibility criteria and verification rules may necessarily be relaxed. We support the applicable review process if benefits are denied.

Benefit Issuance

We provide you with the systems and procedures needed to ensure the continuation of the benefit issuance function during a disaster. Our systems provide easy integration and reconciliation with the Programs' certification/eligibility system and the EBT Programs database in EPPIC. We make sure that cardholders are provided with access to disaster benefits within three calendar days of application for benefits.

Vault Cards

In the event of a disaster, we will ship emergency vault cards with pre-assigned PINs by overnight express, on the same day of the State's request to issuance sites. We acknowledge that the State will determine the number of cards required for same day shipment and that remaining cards will be available to the State within five calendar days of the request.

Federal Disaster Reporting

Our EPPIC architecture was designed to allow reporting on virtually any data collected and stored in the database. EPPIC complies with State and federal disaster reporting and reconciliation requirements. Reporting includes:

- ***Card production and issuance reconciliation***
- ***Benefit authorization and posting reconciliation***
- ***Benefit expungement***
- ***FNS notification of disaster benefits issued***

As in all our disaster services, we provide support throughout the State's follow-up period for such events. Accordingly, for each declared disaster, we supply daily, monthly, and end-of-disaster reporting. We work with you during the joint application design (JAD) sessions to define required disaster reports and delivery timelines.

Disaster System Testing

We conduct testing of business continuity, particularly connectivity to backup systems, and the disaster EBT system functions, typically on an annual basis, but can do so in a timeframe designated by the State. We know the value of conducting preparatory testing of the system in advance of using it for an actual disaster.

Program Integrity/Fraud Prevention

As we do in normal EBT program operations, we implement and provide systematic controls to prevent fraud and ensure the integrity of the Nevada EBT Programs during disasters. Our web-based Intelligent Analytics Portal (IAP) paired with our data warehouse capability supports true business intelligence (BI) and data analytics functions, providing Nevada with tools for monitoring EBT Program patterns, administrative actions, and fraud detection even during disasters. Please see our responses to RFP Section 4.12.2.5, Data Warehouse and Section X, Other Informational Material, X.1, Conduent Innovations, for more information about our IAP.

Post Disaster Review

We continue to provide support to the State following a disaster in responding to FNS requirements for post disaster reviews of certification, benefit issuance, and fraud prevention. We also recommend that we conduct a joint post-disaster assessment to best understand how our EBT and WIC Connect solutions responded to the disaster, determine what worked well, what did not work properly, lessons learned, and how to best prepare for any future disasters.

WIC EBT Program Variances for Disaster Functionality

Disaster card issuance and disaster benefit issuance apply only to SNAP and TANF EBT. These features do not apply to WIC EBT. We will discuss disaster card and benefit issuance for WIC EBT during the JAD sessions.

4.9.2.3 Disaster Planning for Cardholder Support

A. The Project-Wide Disaster Plan will include a section on planning a disaster event that would impact the clients for each program. The Plan will also comply with the Nevada Disaster Preparedness Plan, see ***Appendix D: Nevada Disaster Preparedness Plan*** and address the following cardholder support services.

B. Lift Staggered Issuance: In the event of a disaster, the State requires the ability to post all Program's benefits in a designated county(s) or region(s) immediately, regardless of actual availability date.

C. Benefit Issuance or Re-issuance: During a disaster, if the State is unable to transmit a benefit file, the State may require the EBT contractor to issue or re- issue Program's benefits at the prior months benefit levels to cardholder accounts that were active the previous month.

D. Increased Customer Service Support: In the event of a disaster, the EBT contractor shall provide the same scope of services to cardholders for the IVR and Customer Service Center. The IVR shall have a specific disaster script that has been approved by the State. Because call volumes may increase, the EBT contractor shall increase the number of customer service representatives available to support cardholders. Customer service representatives should be alerted when accessing the cardholder's record that the cardholder resides in the disaster area.

E. Manual Vouchers for SNAP: In a disaster scenario, if POS devices and phone lines are inoperable, retailers will use manual vouchers to document the disbursement of goods for the clients. When phone

lines are operational, retailers will request authorization for the manual voucher through either the IVR or customer service. Retailers are fully liable for the amount of the manual transaction. However, the State and/or FNS may establish a government stand-in per client, per store, per day, at the time of the disaster. The WIC Programs do not plan to use manual vouchers.

F. Disaster SNAP Purchases

In a disaster situation, the manual SNAP voucher process can be invoked if the retailer is able to obtain a voice authorization. In that case, the transaction will be processed like any manual SNAP voucher transaction. If the retailer is not able to obtain a voice authorization due to system unavailability during a disaster, the transaction will be processed as an Emergency Stand-In Transaction. The EBT contractor shall be required to work with SNAP staff in developing disaster plans and processes for manual vouchers and retailer disaster purchases. **The WIC Programs do not plan to use manual vouchers.**

G. Drop Ship Delivery: New EBT cardholders receiving their first benefit card during a disaster may have their card issued over-the-counter at local offices or mailed from the State's central offices, or mailed the EBT contractor. The State shall have the option of requiring the EBT contractor to drop ship active cards via overnight express mail to specific local or State Office(s). PINs will not be mailed with drop shipped cards; cardholders shall call the IVR and select their PIN or select their PIN through local office PIN selection devices or via the EBT website.

H. Identifying Operating Retailers/ATM Locations and Mapping: In the event of a disaster, the EBT contractor shall provide daily reports to the State identifying operational retailer and ATM locations and shall provide geographical mapping of the operational and non-operational locations.

I. Provision of Disaster Training Materials: Training and/or instructional materials provided to cardholders during disasters shall be available in English and Spanish. The EBT contractor shall maintain sufficient stock of these materials in both required languages for use during disaster situations.

Conduent has reviewed and complies with this section's RFP requirements. ***Because we keep backup and recovery procedures and contingency plans up to date, we are readily able to deal with dynamic, high-stress situations. Whatever the source of the threat, we are detailed in our planning and proactive in our prevention and action. We are prompt and committed in our response and, even when the event cannot be adequately anticipated, we are innovative and flexible. We understand from experience that readiness is the key to effective, fast, and reliable disaster response.***

We have in place an established and operational Business Continuity/Disaster Recovery (BC/DR) Plan developed in accordance with federal regulations, guidelines, and current industry standards including the USDA FNS Disaster Food Stamp Guidance and the Federal Emergency Management Agency's (FEMA) Guide for Business and Industry. Our standard BC/DR Plan, defined in our response to RFP Section 4.4, Planning and Administration, will be customized for your Nevada EBT Programs.

We have also reviewed your Disaster Response Plan for SNAP and TANF in RFP Appendix D, Nevada Disaster Preparedness Plan, and we will work closely with you to maintain an overall disaster preparedness and recovery approach for your EBT Programs. In addition, we update the BC/DR Plan and its approach to disaster support as necessary to comply with any changes to federal and Nevada requirements.

When anything from a brief system outage to a natural or other disaster occurs, we immediately implement Nevada's BC/DR Plan as necessary to confirm continuity of EBT services for account setup and benefit issuance, receipt and processing of files, card production and distribution, retailer and vendor participation and support, cardholder support and customer service, and reporting.

Your DR/BC Plan describes all actions to be taken, resources to be used, and procedures to be followed before, during, and after the occurrence of any event that would render any or all functions supportive to EPPIC inoperative. The essence of the plan is not just to restore all operational functions but to prevent, or minimize, program disruption caused by incidents of any size. Its content covers all aspects of disaster preparedness, including:

- ***Procedures to respond to a disaster, recover operations, and minimize disruption to the EBT Programs***
- ***Establishment of the procedures to be followed and the availability of equipment to be used for both automated and manual transactions, and for card and benefit issuance***
- ***Use of documented, tested procedures designed to ensure the availability of critical resources and facilities and maintain the continuity of operations***
- ***Description of our system architecture, technical capabilities, and technical support organization***
- ***Primary and back-up equipment available to recover from disruptions or preserve continuity of service***
- ***Testing procedures and schedules for all equipment and procedures related to disaster recovery***
- ***Personnel responsibilities, notification procedures, and other organizational elements in place to recover operations or preserve continuity***

We base our disaster readiness approach around a prevention strategy specifically designed to preempt system outages or, if necessary, rapidly recover from a system outage or telecommunications failure. You can count on Conduent to provide continuity of EBT benefit delivery during a disaster. Our services provided during a disaster event meet all your requirements, and we stand ready to work with you to mitigate the effects of a disaster or outage affecting EBT operations. When needed, we deliver the following disaster services:

- ***Lifting staggered issuance***
- ***Benefit issuance and reissuance***
- ***Increased customer service support***
- ***Manual vouchers for SNAP***
- ***Disaster SNAP purchases***
- ***Drop Ship delivery***
- ***Identifying operating retailers/ATM locations and mapping***
- ***Provision of disaster training materials***

WIC EBT Program Variances for Cardholder Support

As required in the RFP, we acknowledge that manual vouchers are not used in the WIC EBT Program.

4.9.2.4 Disaster Planning for Retailer Support

The Disaster Plan will address the following retailer support services.

Retailer/ATM Site Survey: Upon notification by the State of a disaster, the EBT contractor shall survey selected retailer locations and financial institutions/ATM networks to determine the level of service that can be provided to cardholders because of equipment outage or other factors. After disaster services have been completed and the State resumes normal operations, the EBT contractor shall contact these benefit redemption points again to determine the status of ongoing operations. The EBT contractor shall ensure that CSRs are aware of which benefit redemption points are not operational during and after the disaster in order to direct cardholders to appropriate locations.

Distribution of Manual Vouchers for SNAP: Retailers will normally maintain a supply of manual vouchers for SNAP. In the event of a disaster, retailers may require additional manual vouchers.

The EBT contractor shall provide a method by which additional manual vouchers will be distributed to retailers during disaster events:

Extended SNAP Voucher Clearance Period: Because retailers accept full risk and liability for manual voucher transactions, they shall have up to 60 calendar days, or another period designated by the State, to clear the voucher. Retailers may clear the authorized manual voucher at any time during the 60 calendar days or the State-designated period, for the amount held at that time. After the 60 calendar days or the State-designated period, the hold will expire.

Increased Retailer Customer Service: In the event of a disaster, the EBT contractor shall provide the same scope of services to retailers for the IVR and Customer Service operations. The IVR shall have a specific disaster script that has been approved by the State. Because call volumes may increase, the EBT contractor shall increase the number of CSRs to support retailers.

Conduent has reviewed and complies with this section's RFP requirements. Nevada retailers and vendors provide the lifeline of needed benefits when disasters disrupt the normal ability of program cardholders to get the food and cash benefits they need. No other contractor can match the Conduent experience and success in planning for and responding to disaster situations. Nevada can be assured that in those trying times, we have the necessary systems, personnel, and processes to provide retailer support services that ensure both retailers and the cardholders they serve are able to access EBT benefits. We meet all your requirements for disaster planning for retailer support, including:

- ***Retailer/ATM site survey***
- ***Distribution of manual vouchers***

- ***Extended SNAP voucher clearance period***
- ***Increased retailer customer service including IVR disaster script***

4.9.2.5 Disaster SNAP Purchases

In a disaster situation, the manual SNAP voucher process can be invoked if the retailer is able to obtain a voice authorization. In that case, the transaction will be processed like any manual SNAP voucher transaction. If the retailer is not able to obtain a voice authorization due to system unavailability during a disaster, the transaction will be processed as an Emergency Stand-In Transaction. The EBT contractor shall be required to work with SNAP staff in developing disaster plans and processes.

Conduent has reviewed and complies with this section's RFP requirements. ***During a disaster, the manual voucher process for SNAP is put into place if a retailer is unable to obtain a voice authorization. These manual voucher transactions are processed like any other SNAP manual voucher transaction in non-disaster program operations. If a retailer is not able to obtain a voice authorization due to system unavailability during a disaster, the transaction will be processed as an Emergency Stand-In Transaction.***

We work with your SNAP staff in developing disaster plans and processes and will discuss this with you during the JAD sessions at the outset of the EBT Programs.

WIC EBT Program Variances for Disaster SNAP Purchases

As noted, we acknowledge that manual vouchers are not used in the WIC EBT Program.

4.9.2.6 Disaster Customer Service Support

In the event of a disaster, the EBT contractor shall provide the same scope of services to retailers for the IVR and Customer Service Center. The IVR shall provide retailers with a disaster message. Because call volumes may increase, the EBT contractor shall increase the number of Customer Service Representatives available to support retailers.

Conduent has reviewed and complies with this section's RFP requirements. ***Our cloud-based customer service centers and IVR ensure continual operation throughout a disaster and increases in call volumes. We designed our customer service facilities with enough capacity to provide 100 percent recovery in case any unit fails, and our IVR is designed to include a specific Nevada-approved disaster script for retailers and another for cardholders that can be deployed in the event of an emergency or disaster.***

We prepare a customer service staffing capacity plan that identifies those actions necessary to address potentially high call volumes during a disaster. During an actual declared disaster, we evaluate call volumes and implement the staffing capacity plan as necessary to assure that the needs of Nevada cardholders and retailers/vendors are met. If needed, the number of CSRs at our customer service centers during disasters can be adjusted to provide the same level of customer service support as offered during normal, non-emergency operations.

4.9.3 Project Wide Disaster Recovery and Support Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete. These deliverables are those which will be needed by all three (3) programs included in this contract

4.9 PROJECT WIDE DISASTER RECOVERY AND SUPPORT			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.9.3.1	Back-up Procedures	4.9.2.1	10
4.9.3.2	Disaster Functionality	4.9.2.2	10
4.9.3.3	Disaster Planning for Cardholder Support	4.9.2.3	~~10~~ **N/A**
4.9.3.4	Disaster Planning for Retailer Support	4.9.2.4	~~10~~ **N/A**
4.9.3.5	Disaster SNAP Purchases	4.9.2.5	~~10~~ **N/A**
4.9.3.6	Disaster Customer Service Support	4.9.2.6	~~10~~ **N/A**

We have reviewed the required deliverables for RFP Section 4.9, Project Wide Disaster Recovery and Support, and we will comply as illustrated in Table VI-11.

Table VI-11. Project Wide Disaster Recovery and Support Deliverables

Deliverable Number	*Description of Deliverable*	*Activity*	*State's Estimated Review Time (Working Days)*	*Conduent Compliance*
4.9.3.1	***Back-up Procedures***	***4.9.2.1***	***10***	✓
4.9.3.2	***Disaster Functionality***	***4.9.2.2***	***10***	✓
4.9.3.3	***Disaster Planning for Cardholder Support***	***4.9.2.3***	***N/A***	✓
4.9.3.4	***Disaster Planning for Retailer Support***	***4.9.2.4***	***N/A***	✓
4.9.3.5	***Disaster SNAP Purchases***	***4.9.2.5***	***N/A***	✓
4.9.3.6	***Disaster Customer Service Support***	***4.9.2.6***	***N/A***	✓

4.10 PROJECT WIDE EBT CARDS

We address your Project Wide EBT Cards requirements throughout our response to this RFP section.

4.10.1 Objective

The objective of this task is to ensure the vendor's activities will result in successful project completion.

Additional details of the WIC Program's EBT cards is presented in the ***WIC Program specific Scope of Work, Section 4.14***.

Bringing Benefits and Meeting Objectives

- ***We know how important efficient card management is to you and program recipients and provide an established process for managing, mailing, supporting, and securing all cards in circulation.***
- ***Conduent partners with Fiserv Solutions, LLC (Fiserv) whose experience spans over 16 years with more than 360 million cards produced, which means you benefit from proven and experienced card production and management services.***
- ***You can rely on us to deliver cards even when disaster strikes. Fiserv operates multiple, highly secured facilities, so should disaster impact one facility, the work can continue. This capability reduces risk for the State and ensures cardholder access to benefits when they need it most.***

We have provided high quality, responsive EBT card services since 1996. Our card support services include the production, personalization, inventory, and distribution of magnetic stripe cards for all our electronic payment services programs including EBT and WIC EBT, either through the mail, or by over-the-counter (OTC) card issuance. Our card management approach, developed and refined through our experience in other states, is designed to maximize operational efficiency while providing real-time cardholder access to available funds. By selecting Conduent as your next EBT and WIC EBT services contractor you can expect to receive the highest quality of service.

In 2016 alone, Fiserv mailed nearly 14.7 million cards for our Electronic Benefit Transfer (EBT), Women, Infants, and Children (WIC) EBT, Electronic Child Care (eCC), and Electronic Payment Card (EPC) programs. Since partnering with Fiserv, we have provided nearly 84 million registered cards in circulation with over $87 billion loaded on them (as of December 2016), demonstrating commitment to our state and local government customers. We are ready and able to meet the card fulfillment needs for your three Nevada EBT Programs.

We are committed to applying the approaches developed through this experience and our successful work with Fiserv to provide a secure, accurate, and fully functioning card system for your three EBT Programs. Our partnership and experience is shown in Exhibit VI-18.

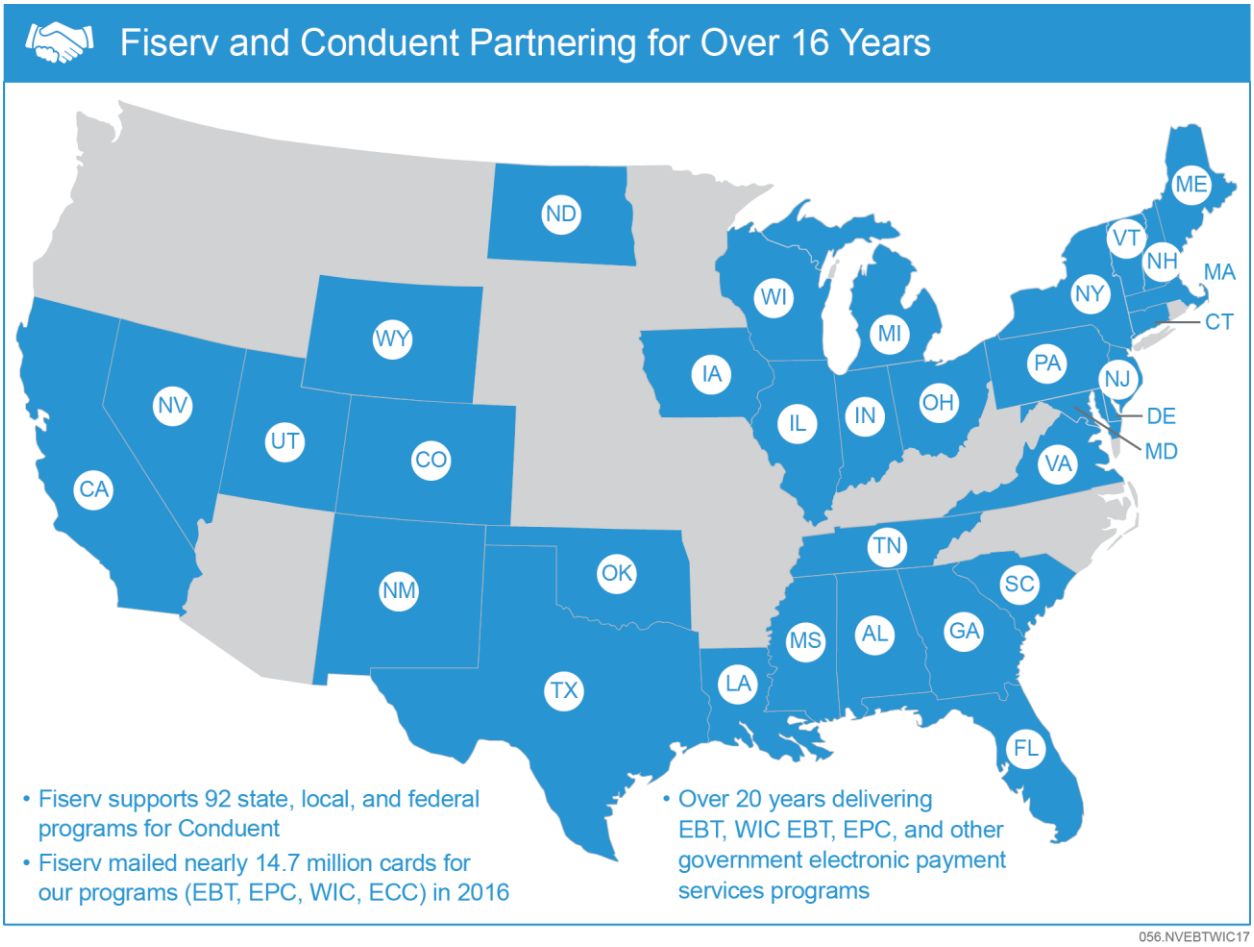


Exhibit VI-18. Fiserv and Conduent Partnership

Our card fulfillment partner, Fiserv, ensures the best quality card services for Nevada.

4.10.2 Activities

The EBT contractor will supply all necessary EBT cards for use by all SNAP, TANF and WIC Programs, including ITCN, FMNP and SEBTC.

The following activities related to EBT cards must be addressed:

We supply all EBT cards according to specifications for your SNAP, TANF, and WIC EBT Programs, including ITCN, FMNP and SEBTC. In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.10, Project Wide EBT Cards, and ensure that DHHS' objectives are met. Our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.10.2.1 Cards for the EBT Program Benefits

A. SNAP and TANF benefits are issued on a single non-branded EBT card. Nevada WIC and ITCN WIC each issue separate EBT cards, one per WIC household.

B. The EBT contractor shall be required to provide cards using an updated card design or using the art work from the current design for the Nevada SNAP and TANF cards and for Nevada WIC and ITCN

WIC. The EBT Program staff will provide input to the design process for their Programs' cards and reserve the right for prior approval of any changes in the card design or in information printed on the card and card sleeve. Prior to finalizing card design and prior to card issuance, the EBT contractor must submit samples of the card to the Program staff for review and approval. Card samples must also be submitted to Program staff for approval whenever the card is redesigned or changed in any aspect.

C. Nevada has a State-specific, State-owned Bank Identification Number (BIN).

EBT card designs shall be Program specific, incorporating Program specified graphics, logos and information. The Programs will specify information contained on the back of the card and card sleeve. The cards should contain the 800 number for cardholder customer service. The EBT contractor shall describe how the new cards will be distributed prior to conversion to the new EBT system.

Conduent has reviewed and complies with this section's RFP requirements. ***We acknowledge SNAP and TANF benefits are issued on a single non-branded card and with separate cards used for Nevada WIC and ITCN WIC. We work in conjunction with you to use the existing or develop an updated design for your card that is exclusive to your EBT Programs. Our graphics department enables us to produce high-quality graphics and meet State and industry requirements for card design and production. We confer with you on all card design matters to certify that any identifier (i.e., graphic, mark, brand, or wording) links the cards with your three EBT Programs.***

As noted, we use Fiserv to produce the Nevada EBT cards. We partner with Fiserv because of their fast, on-time delivery, customizable programs, web tracking interfaces, and quality card and paper products.

We work with State EBT program staff to confirm that card designs are program specific, incorporating program-specified graphics, logos, and relevant information such as the toll-free customer service number. We acknowledge that program staff will specify what information should be contained on the back of the card and card sleeve. Before production of any EBT card, we submit design samples to program staff for approval. Once you approve the final card design, we provide it to Fiserv for production based upon the Nevada program-approved design and specifications.

As noted, all cards are produced in accordance with the State's requirements and are subject to your approval. Exhibit VI-19 illustrates a few sample EBT cards, for your consideration, should the State choose to redesign the existing EBT cards.

Exhibit VI-19. Future Possible Card Designs
Our graphic artists are available to work with the State to redesign the EBT cards to meet your needs.

WIC EBT Program Variances for Cards and Sleeves

We acknowledge that two distinct cards are required for Nevada WIC and ITCN WIC, one per household. We work with program staff to provide these cards with the existing or an updated design as previously noted. As required in RFP Section 4.10.2.2, Card Sleeves, the non-discrimination statement will be printed on the WIC EBT cards, not the card sleeve. Exhibit VI-20 illustrates a few sample WIC EBT cards for your consideration, should the State choose to redesign the existing WIC EBT cards.

Exhibit VI-20. Sample WIC EBT Card Designs
These designs are a sample of our team's ability to create unique cards for Nevada WIC EBT Programs.

4.10.2.2 Card Sleeves

A. The WIC Programs and SNAP/TANF require the use of card sleeves.

Required discrimination language must be printed on the sleeve for SNAP and TANF. However, the WIC Programs cards, not the sleeve, require printing of the non-discrimination statement. The statement must read as follows: "The USDA is an equal opportunity provider and employer."

B. The EBT contractor shall produce and provide a card sleeve to accompany Nevada SNAP/TANF cards and the WIC Programs'. The card sleeve (envelope) must be produced from a rugged material, such as Tyvek or Mylar, to endure normal wear and tear in the use of the EBT card.

C. The EBT contractor will be responsible for securing, maintaining and providing card sleeves to designated State, county offices or local agency offices. Card sleeves or jackets shall not contain the name of any State or local official. Neither EBT informational nor EBT training materials shall indicate association with any political party or other political affiliation.

Conduent has reviewed and complies with this section's RFP requirements. *We* ***supply card sleeves as required for your three Nevada EBT Programs to protect the card from normal wear and tear and prevent card scratching. The sleeve is made from durable and rugged Tyvek material. We provide a generic sample of a card sleeve to demonstrate our capabilities in Exhibit VI-21. We provide draft versions of the card sleeve and mailers for your approval before any production takes place.***

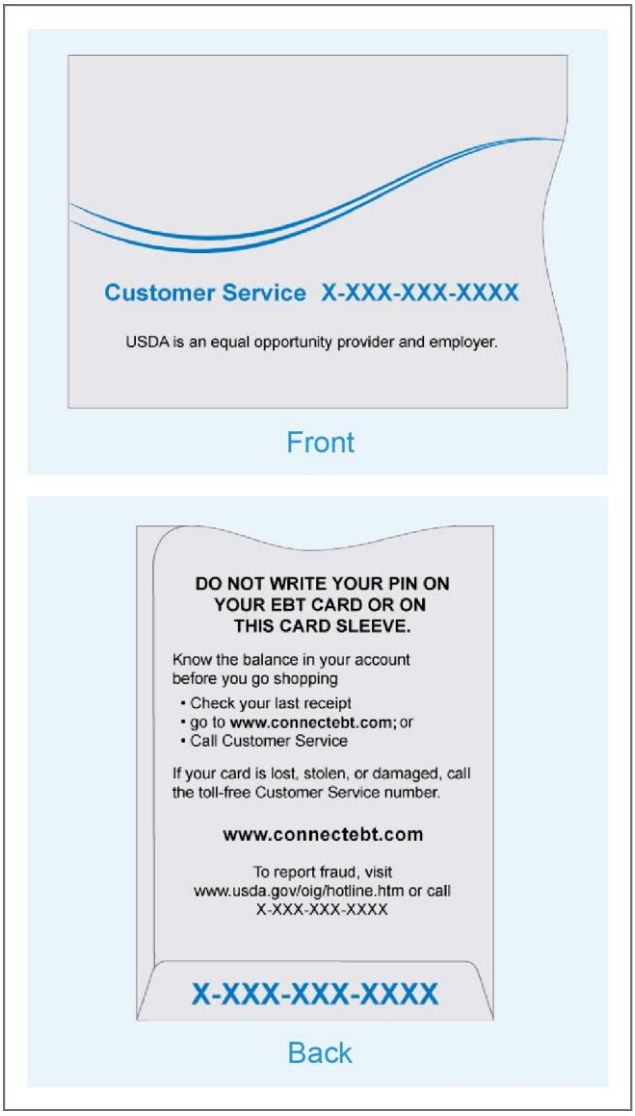


Exhibit VI-21. Generic Sample of an EBT Card Sleeve
Conduent provides EBT card sleeves that meet all your requirements and will work with the State on the artwork and design.

4.10.2.3 Card Distribution and Inventory Controls

The EBT contractor is responsible for the provision and distribution of EBT card stock.

A. To support the EBT Programs OTC card issuance, the EBT contractor shall deliver blocks of sequentially numbered EBT cards to designated points in the Programs. The Project Management Team retains the right to alter the process during the term of the Contract. The EBT Contactor shall track cards and link them to their distribution point via the card numbers. The EBT Contractor shall

provide the Project Management Team with an automated tracking tool or report to enable the State and local offices to manage their card inventory.

B. The Programs' card issuance and distribution is the responsibility of the WIC clinic or SNAP/TANF local office. A supply of EBT cards will be mailed from the EBT contractor to the designated state Program Office. Program will distribute to the WIC clinics or to the SNAP/TANF local offices. The WIC clinics or the SNAP/TANF local offices, will keep track of the inventory. Although, a majority of cards are issued OTC, the Nevada SNAP/TANF agency or participants may utilize the EBT contractor to mail some of the cards. WIC clinics will be responsible for issuance of all initial card issuance and for card replacements. Each WIC clinic will maintain an inventory of cards and track usage and distribution within the clinic's inventory system, which is part of the WIC MIS.

C. Card inventory is to be provided by the EBT contractor quarterly or as needed, upon receiving a card stock order from the State or local offices using the following minimum security processes:

1. Card boxes are to be shipped with a numbering system and accompanying inventory list in hard copy and electronic format that will indicate card numbering sequences, so that the contents of the box may be ascertained without inspection/opening the box.

2. Cards are to be packaged in sleeves, not to exceed 400 cards per sleeve for SNAP/TANF and 100 cards per sleeve for WIC Programs.

3. Each sleeve shall be labeled with the card number sequence it contains and be sealed with security tape to identify unauthorized access.

4. Sleeves should be packed in cartons in numeric sequence (i.e., from lowest sequence number in lowest carton number to highest sequence number in highest carton number).

5. Cartons should be sealed with a security tape to identify unauthorized access.

6. Cartons should not be labeled in a manner that reveals their contents, but should be labeled with their sequence (i.e., 1 of 20, 2 of 20, and so on).

7. Produce a single flat file, formatted to display the destination of each card numbered sequence mailed for the quarterly card manifest.

8. The EBT contractor shall provide a deactivation method for daily or bulk card stock missing (lost/stolen) card inventory that would prevent further linkage of the card to any State's client identifier number.

Conduent has reviewed and complies with this section's RFP requirements. ***As we do in many of our other EBT programs, we fully support the distribution of EBT cards to program offices for use in over-the-counter (OTC) card issuance. To support such issuance, we distribute vault card stock that is pre-embossed with a PAN, which allows program staff to issue cards in an OTC environment at local offices. Cards are shipped in blocks of sealed boxes conforming to the State's security and shipping requirements. Each box of cards is labeled with the sequential range of PANs contained for inventory management purposes. Conduent details the PAN ranges shipped in a report to allow State and local office staff to manage card inventory.***

Delivery of EBT Cards to Program Offices. ***Our inventory control system tracks all cards and links them to their distribution point by the card numbers. All cards shipped to program offices are in sequentially numbered blocks of cards to support OTC card delivery. Cards shipped to designated clinics are tracked, recorded, and reported throughout the ordering and shipping process.***

We acknowledge program offices will distribute cards to SNAP/TANF local offices and WIC clinics for OTC disbursement. While there may be the need for us to occasionally mail cards to your SNAP/TANF cardholders, WIC clinics are responsible for all initial and replacement cards while tracking inventory, distribution and usage within the clinic system part of the WIC MIS.

Card Inventory. ***As part of our card management and distribution solution, Conduent uses EPPIC to maintain a centralized card issuance management database that provides the security and controls necessary to track all cards – including those not shipped, as well as those ordered and shipped to counties and local offices – and links them to their distribution point by the card number. We work with program staff during the joint application design (JAD) sessions to confirm that all required card functionality is met, including reporting to enable you to manage your card inventory. The tracking tool allows counties and local offices to establish thresholds (reorder points) by location and alert authorized users that a low inventory threshold has been reached.***

We provide card inventory on a quarterly basis or as needed, upon receiving a card stock order from program offices. In addition, our inventory system can produce physical inventory counts for the State on a quarterly basis or as needed, or when required for audits or other reasons. We also provide SNAP, TANF, and WIC program staff with an annual report to confirm that all cards issued in the previous year, including disaster cards, meet your card specification requirements.

4.10.2.4 Card Readers/PIN Devices

The WIC Programs' clinics have card readers installed at all locations. WIC clinics do not use separate stand-alone PIN set devices.

To reduce errors in OTC card issuance and/or to improve the efficiency of county or local office operations, the EBT contractor shall provide the SNAP/TANF Program offices/local agencies with sufficient card readers and card PIN set devices to meet the offices' business practices.

The card reader shall enable the SNAP/TANF State and county or local staff to swipe the EBT card, read the PAN and link the PAN to the designated client record or to assist in accessing a client file. As an OTC security feature to prevent internal fraud, the EBT

contractor shall propose a method to capture the issuing staff member's identity and link the identity to the card issuance record. The PIN selection devices will allow the cardholder to enter their PIN selection at the time of card issuance. The number of Card Issuance/Read Terminals devices utilized with the Nevada SNAP and TANF card issuance is currently 50 of each unit. The decision to use Card Issuance/Read Terminals may change during the term of the Contract.

Conduent has reviewed and complies with this section's RFP requirements. ***We provide an easy-to-use card reader that inputs the PAN into EPPIC from the magnetic stripe on the card, thereby linking the card to the appropriate case. EPPIC is configured to link a user ID to each action that is taken, allowing the State to track the user issuing the card. The information is available in the transaction history detail, enabling the State to track and monitor the information to prevent internal fraud.***

PIN selection devices will be made available to local and county offices to allow cardholders to enter their 4-digit PIN during card issuance. Cardholders also have the option to select PINs through the IVR or cardholder portal.

We acknowledge that the number of Card Issuance/Read Terminals devices currently used with the Nevada SNAP/TANF program is 50 of each unit, and the decision to use Card Issuance/Read Terminals may change during the term of the contract.

4.10.2.5 PIN Selection Process

Each EBT Program will issue their clients' initial card in the local office/clinic. To establish the initial PIN, the SNAP/TANF program staff allows the cardholder to set their PIN using a PIN device at the office. For the WIC Programs participants set their PIN by accessing the host IVR. The Program staff will not select the PIN. PIN changes can be made by contacting the EBT contractor's IVR.

A. Personal Identification Number

The PIN for the WIC or SNAP/TANF cards is made up of four (4) alphanumeric characters or digits. PIN verification will be conducted at the EBT host. The PIN offset shall not be encoded on the magnetic strip of the card. The EBT contractor shall be required to follow the EBT QUEST® Operating Rules regarding PIN entry, encryption, transmission and key management processes and procedures.

B. Card and PIN Issuance

Most of the Nevada EBT cards are issued OTC, in state-run local offices. A relatively small percentage of EBT cards are issued by mail. PIN selection is completed by the recipients' entry of a PIN into the administrative terminal. Cardholders also have the option of contacting the IVR to set/change their PIN.

The EBT contractor shall be required to provide the necessary data, processes, tools, equipment and supplies to meet the card

and PIN issuance requirements of the Programs. The specific requirements are described below.

1. The EBT contractor shall also be required to provide capability to monitor, control and manage the card and PIN inventory and distribution processes.

2. The EBT contractor will support the process for the card issuance sites to allow the recipients to select their PIN and the card to be "PIN-ed".

3. To prevent fraud, the EBT contractor shall be required to provide a method to verify client identity prior to issuing or changing a PIN via the IVR. The EBT contractor should describe the method for verifying client identity of the cardholder when the calls are received by the IVR. Currently, the Nevada EBT Programs require that the recipient's date of birth or other unique identifiers be provided prior to changing the PIN.

4. The EBT contractor shall provide a deactivation method for daily or bulk missing, lost, or stolen card inventory which would prevent further linkage of the card to any client identifier number.

Conduent has reviewed and complies with this section's RFP requirements. ***As noted, PIN devices are readily available for recipients to PIN their cards at local offices by entering a 4-digit number. All participants can easily PIN their cards using the IVR and cardholder portal using state designated identifiers. Callers are typically required to enter two demographic data items for positive identification through the IVR, which may include the PIN, address, date of birth, and the last four digits of their SSN. These requirements can be solidified during JAD sessions.***

4.10.2.6 Card Replacement

SNAP/TANF clients may go to a local office to acquire a replacement card or they may contact the EBT contractor to have a replacement card mailed. SNAP/TANF clients must always report a lost/stolen/damaged card to the EBT contractor's IVR for liability purposes.

A. Requests to issue a SNAP/TANF card by mail must be processed promptly. These cards should be placed in card mailers and received at the U.S. Postal Service for mailing on the next business day following receipt of the request. Replacement cards issued by mail shall be sent active so that the cardholder does not have to engage in card activation procedures. The old PIN will transfer to the replacement card.

B. The EBT contractor shall provide SNAP/TANF cardholders with 24 hours per day, seven (7) days per week capability to report lost, stolen or malfunctioning cards and shall provide or support the card

replacement function as described above. Cards reported lost, stolen or malfunctioning must be deactivated immediately. New and replacement cards may be mailed by the EBT contractor or may be issued by the State or local clinic/agency office. The SNAP/TANF Program will allow either of the two (2) methods for card issuance:

- OTC card issuance; or
- Mailings from the EBT contractor.

The WIC Programs will only allow OTC card issuance with the exception of disaster or emergency card issuance. ***See Section 4.14.2.9.B WIC Issuance of Card Replacement.***

C. The Nevada SNAP/TANF Programs do not currently assess a card replacement fee from client accounts. Program retains the right to add that function during the Contract term. If Program would add replacement fees, the EBT contractor shall provide a user-friendly method for the Program to reverse or cancel a card replacement fee assessed against a client's account. Card replacement fees shall be included in the Administrative Activity Report. Replacement card fees collected by the EBT contractor would be remitted to the Programs on a monthly basis or applied as a credit against monthly charges to the Programs for EBT services. WIC does not, or plan to, collect fees for card replacements.

Conduent has reviewed and complies with this section's RFP requirements. SNAP, TANF, and WIC cardholders have 24/7/365 access to the IVR and CSRs to report lost, stolen, or damaged cards and to request replacements. WIC recipients will receive OTC issuance at their local clinic except for disaster or emergency issuance. Replacement requests are processed promptly, same day if requested before noon PT or on the following business day for those requested after 12:00 p.m. PT, and are mailed in active status without having to re-PIN the card.

Our solution supports changing card status both through the online interface with the WIC MIS and through the Administrative Terminal by designated staff. When EPPIC receives an update record, changing the card status of an active card, the update is applied immediately to the database. When a replacement card is issued, the cardholder's existing PIN carries forward and is usable with the replacement card.

The active and deactivated features are standard processes used in the numerous EBT and WIC EBT programs we support today. An active status is the only status that allows transactions to be performed using the card. A deactivated status identifies the card as disabled and not available for transactions. EPPIC's design makes certain that a previously active card is deactivated when a new card is issued, and a deactivated card cannot be reactivated. EPPIC validates that the status of the card being replaced is changed to a deactivated status (i.e., lost, stolen, etc.) before allowing a replacement card to be issued.

These functions are completed through EPPIC's Account Management functionality. From our Case Management screen, users initiate the card issuance process. From here users navigate a series of card issuance screens, select card issuance options, verify card information, and initiate card replacement.

Exhibit VI-22 shows our WIC Family Card Management screen that provides a function for changing card status. A variation of this screen also appears in the EBT Connect solution. The authorized SNAP/TANF or WIC EBT user selects a status from the dropdown menu in the "Status Card" area of the screen and clicks on the STATUS button to make the change. Additionally, both active and deactivated status can be performed through our IVR and CSRs 24/7/365.

Exhibit VI-22. WIC Family Card Management Screen

Nevada EBT Program authorized staff have access to status and to replace a cardholder's card.

As clarified in Question #101 of Amendment 1 and Question #10 of Amendment 2, we acknowledge that approximately 330,000 over-the-counter replacement cards and approximately 40,000 mailed replacement cards were issued for SNAP and TANF programs, and approximately 6,575 replacement cards were issued for your WIC programs. We further acknowledge that card replacements are the responsibility of the local agencies.

Fees are assessed in several of our current projects and we are available to discuss various options with the State. Should you choose to apply a fee or a replacement limit in the future, we would deduct the card replacement fee directly from the cardholder's account. Our approach to replacement card fees is fully flexible, and we would work with Fiserv and you to institute fees or replacement limits as required.

EPPIC has the functionality to automatically deduct card replacement fees, track the fees, and generate card replacement fee reports as basic elements of its replacement card functionality. EPPIC tracks the number of replacement cards a cardholder has requested and places a limit on the number of replacements before a fee is imposed. Card replacement fees would be shown in the Administrative Activity Report and would be remitted to the programs monthly or applied as a credit.

WIC EBT Program Variances for Card Replacements

As previously noted and shown in Exhibit 026.NVEBTWIC17, cards can be deactivated easily. We acknowledge that card replacement will be completed at WIC clinics and information regarding issuance and replaced PANS will be sent through the MIS to EPPIC.

4.10.2.7 High Coercivity magnetic strip

EBT cards must have a high-coercivity magnetic strip. This requirement applies to both standard and disaster EBT cards. Program has an interest in assuring that the EBT cards supplied by the EBT contractor do, in fact, meet the quality standards set forth in this RFP. Accordingly, the EBT contractor shall be required to produce card specifications and test results to confirm the card

meets the RFP specifications and that the stripe for both standard and disaster cards is high-coercivity.

Conduent has reviewed and complies with this section's RFP requirements. ***We will produce cards for EBT clients using established, sophisticated technology coupled with strict quality control. The cards adhere to the most current technical specifications from the Quest Operating Rules, the International Standards Organization (ISO), and the American National Standards Institution (ANSI) standards relating to cards used for financial transactions, as well as complying with federal regulations. The cards feature a high-coercivity magnetic stripe rated at 2,750 oersted, which produces higher card stability and reduces the need for replacement due to magnetic stripe problems.***

4.10.2.8 Annual Review

The EBT contractor shall provide WIC, SNAP and TANF Program staff with an annual attestation indicating that all cards provided during the preceding year, including disaster card inventories, meet the card specifications required in this RFP.

Conduent has reviewed and complies with this section's RFP requirements. ***Our proposed card production subcontractor, Fiserv meets the highest security standards for facilities, personnel, materials, and data with more than 100 physical and logical audits per year, including SSAE-16/SOC1. Fiserv produces cards daily under our rigorous oversight. We provide you with annual attestation that all cards provided meet card specifications defined in this RFP.***

4.10.2.9 Track 2 Format

Track 2 of the EBT card shall be encoded in accordance with ISO 7813. The maximum character count in Track 2 shall not exceed 40 characters, including all control characters. The layout of Track 2 for the current EBT card is as shown in this table. The EBT cards currently have a non-expiring expiration date of '4912' encoded on Track 2. The Service Code field is encoded with a value of 120. Cards have a Card Authentication Value (CAV) encoded. The new Contractor shall continue to encode the CAV field on Track 2 with a cryptographic value to validate the Track 2 data contents.

EBT Card: Track 2 Layout		
Field Number	Field Name	Field Length
1	Start Sentinel	1
2	Primary Account Number	16
3	Field Separator	1
4	Expiration Date	4
5	Service Code	3
6	Card Authorization Value	3
7	Discretionary Data	2
8	Longitudinal Redundancy Check	1

Conduent has reviewed and complies with this section's RFP requirements. ***The high-coercivity EBT cards we produce for your three EBT Programs meets all the Track 2 requirements and comply with required card specifications and established national standards for cards used for financial transactions, such as the specifications prescribed by ISO and these ANSI standards (ANSI/ISO standards 7810, 7811, 7812, and 7813).***

4.10.2.10 Primary Account Number (PAN)

The new Contractor shall issue EBT cards containing a 16-digit PAN that utilizes the State's current BIN/Issuer Identification Number (IIN). The process by which the new EBT contractor calculates the PAN for new cards shall not duplicate existing card numbers in use in the State's EBT Programs' existing card base. The discretionary field is a three (3)-digit number that may be used by the EBT contractor with Project Management Team's approval. The customer identification number is a six (6)-digit number that uniquely identifies the client to the card that is issued. The BIN/IIN is a six (6)-digit number encoded on the magnetic strip that begins immediately after the start sentinel. Nevada's BIN is 507715. At the end of the contract period, the BIN/IIN will revert back to the State. The BIN/IIN will comply with ISO 7813.

Conduent has reviewed and complies with this section's RFP requirements. ***We will provide each card with a unique PAN following the instructions specified. All BIN/IIN's comply with ISO 7813 standards.***

WIC EBT Program Variances for Card PANS

As required by RFP Section 4.19.2.9, WIC EBT Cards and Card Sleeves, cards provided to the WIC Programs contain a PAN distinguishing Nevada WIC and ITCN WIC cards from each other with unique 7th and 8th digits. These unique 7th and 8th digits allow for tracking issuance and redemption for financial management and reporting purposes and for billing for each program, separate and apart for each program.

4.10.2.11 Card Security Features

The design of the EBT cards shall incorporate current industry card security features. Card security features are incorporated into the card design to deter counterfeiting and lifting of data from the magnetic strip. Security features are also designed to assist in investigations. Card security features include ultra violet ink and four (4)-color and fine line printing. The EBT contractor shall ensure that the State's EBT cards will continue to be viable at authorized retailers in the future.

Conduent has reviewed and complies with this section's RFP requirements. ***We confirm that all Nevada EBT programs' cards comply with the following industry specifications:***

- ***Latest version of Operating Rules for WIC EBT (WIC EBT Card appearance and requirements)***
- ***ISO and ANSI specifications and standards relating to cards used for financial transactions***
- ***ISO/IEC 7810:2003 for physical characteristics of identification cards***
- ***ISO 7811, 7812, and 7813 for magnetic-stripe financial cards***

Until we receive a request to rename or change the card design, we will produce the EBT card using the same graphics and color processing as is currently used in your programs. Prior to initial production, we will provide card samples for your approval. These cards include fine line printing, or ultraviolet ink and can include a hologram.

4.10.2.12 Card Obverse

The obverse of the card must have the following features:

A. Graphics approved by the Programs' staff using a four (4)-color printing process;

B. The Primary Account Number (PAN) must be ~~embossed~~ **printed** on the front of the card with contrasting color for readability;

C. In cases where the EBT contractor issues a card via mail (such as client-requested card replacement), the EBT contractor may be required to emboss the PAN depending on Programs' preference;

Clarified in Amendment 2: ***Regarding the language in 4.10.2.12.C – embossing may be required if the Program chooses this feature.***

D. Ultraviolet ink; and

E. Fine line printing.

Conduent has reviewed and complies with this section's RFP requirements. ***Together with Fiserv, we produce the obverse of the EBT cards with the following features:***

- ***State-approved graphics approved by the Program using a four-color printing process***
- ***The Primary Account Number (PAN) is printed on the front of the card with contrasting color for readability***
- ***Ultraviolet ink***
- ***Fine line printing***

Please refer to Pricing Sheets for additional costs to emboss cards should you choose this feature.

4.10.2.13 Card Reverse

The reverse of the card shall have the following features:

A. FNS abbreviated non-discrimination statement if SNAP chooses to print on card (Note: SNAP will print on the card sleeve and WIC will have the non-discrimination statement printed on the card);

B. QUEST® logo;

C. Tamper-evident signature panel;

D. Return address;

E. High-coercivity magnetic strip required; and

F. Other printed information as specified by the Program.

Conduent has reviewed and complies with this section's RFP requirements. ***The back of the EBT card includes all the information as required in this RFP section. As with the obverse of the card, the design features included on the back of the EBT cards are subject to State approval. A sample card reverse is shown in Exhibit VI-23.***

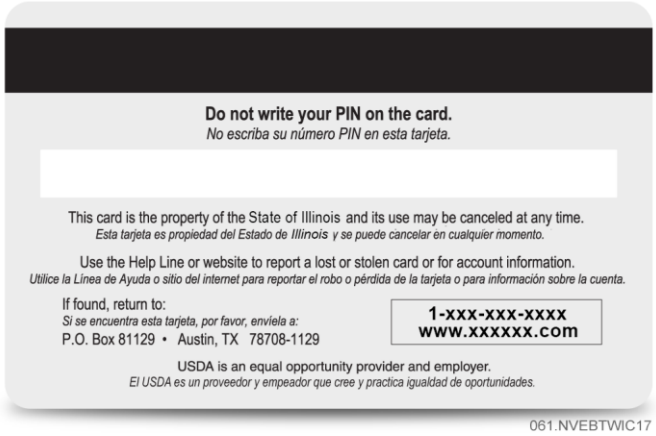


Exhibit VI-23. Sample EBT Card Design (Reverse)
The card reverse includes all information required by the Nevada SNAP/TANF and WIC EBT Programs along with information required by FNS.

4.10.2.14 EBT Card Production and Management

The EBT contractor shall produce and supply magnetic strip cards for issuance to EBT clients. The EBT contractor shall work with the Program staff to develop a card design unique to each program specified in this RFP. The EBT contractor shall complete the following:

A. Perform all necessary processes and functions to design Program's EBT card;

B. Distribute/deliver cards to designated State and local offices for over-the-counter issuance;

C. Issue, replace and distribute/deliver cards to SNAP/TANF cardholders by mail as specified by this RFP;

D. Maintain a centralized card issuance management database; and

E. Process returned EBT cards as defined by the Program staff. Nevada SNAP staff currently manage the returned EBT cards.

The EBT contractor shall ensure that the State's EBT cards are designed and comply with specifications including the QUEST® Operating Rules, the International Standards Organization (ISO) and American National Standards Institute (ANSI) specifications and standards relating to cards used for financial transactions. The card must carry the QUEST® service mark.

Conduent has reviewed and complies with this section's RFP requirements. ***Card production and management services for DHHS meet and often exceed requirements, including all processes and functions necessary to:***

- ***Produce and/or develop a magnetic stripe card with a design unique to each Nevada program meeting all required specifications and standards***
- ***Confirm all cards are distributed to State and local offices for OTC issuance***
- ***Issue, replace, and distribute/deliver cards to cardholders by mail as specified***
- ***Process returned cards as defined by the program staff***
- ***Maintain a centralized card issuance management database***
- ***Process all returned cards as defined by the program staff***

If the State requests new cards, we would replace the existing EBT cards using the attrition approach, steadily phasing out the old cards for the new ones. We maintain all card information in EPPIC, with safeguards built into our databases to ensure security, quality, and no duplication. We comply with all regulations and look forward to meeting your needs and specifications.

4.10.2.15 Retailer Test Cards

If requested and approved by the Project Management Team, the EBT contractor shall issue EBT test cards and make test accounts available to new retailers for the purpose of testing their EBT POS system prior to going live. SNAP shall authorize that the cards be loaded with limited monetary value, not to exceed $1.00. Retailers shall be instructed to conduct an offsetting refund transaction to ensure that there is no monetary impact on settlement balances. Retailer test cards and accounts shall not be subject to aging.

Conduent has reviewed and complies with this section's RFP requirements. ***We will, if requested and approved by the State Project Management Team, use EBT test cards for purposes of testing new retailers or new POS equipment being deployed prior to go-live. Cards will be loaded with limited monetary value, not to exceed $1.00. Retailers will be instructed to conduct an offsetting refund transaction to confirm that there is no monetary impact on settlement balances.***

4.10.3 Project Wide EBT Cards Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete. These deliverables are those which will be needed by all three (3) programs included in this contract.

4.10 PROJECT WIDE EBT CARDS			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.10.3.1	Non-Branded EBT Card	4.10.2.1	~~**10**~~ **N/A**
4.10.3.2	Card Sleeves	4.10.2.2	~~**10**~~ **N/A**

4.10 PROJECT WIDE EBT CARDS			
4.10.3.3	Card Distribution & Inventory Controls	4.10.2.3	~~10~~ **N/A**
4.10.3.4	Card Readers/PIN Devices	4.10.2.4	~~10~~ **N/A**
4.10.3.5	PIN Selection Process	4.10.2.5	~~10~~ **N/A**
4.10.3.6	Card Replacement	4.10.2.6	~~10~~ **N/A**
4.10.3.7	High-Coercivity Magnetic Strip	4.10.2.7	~~10~~ **N/A**
4.10.3.8	Annual Review	4.10.2.8	10
4.10.3.9	Track 2 Format	4.10.2.9	10
4.10.3.10	Primary Account Number (PAN)	4.10.2.10	10
4.10.3.11	Card Security Features	4.10.2.11	10
4.10.3.12	Card Obverse	4.10.2.12	10
4.10.3.13	Card Reverse	4.10.2.13	10
4.10.3.14	EBT Card Production & Management	4.10.2.14	~~10~~ **N/A**
4.10.3.15	Retailer Test Cards	4.10.2.15	~~10~~ **N/A**

We have reviewed the required deliverables for RFP Section 4.10, Project Wide EBT Cards, and we will comply as illustrated in Table VI-12.

Table VI-12. Project Wide Account Processing Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.10.3.1	Non-Branded EBT Card	4.10.2.1	N/A	✓
4.10.3.2	Card Sleeves	4.10.2.2	N/A	✓
4.10.3.3	Card Distribution & Inventory Controls	4.10.2.3	N/A	✓
4.10.3.4	Card Readers/PIN Devices	4.10.2.4	N/A	✓
4.10.3.5	PIN Selection Process	4.10.2.5	N/A	✓
4.10.3.6	Card Replacement	4.10.2.6	N/A	✓
4.10.3.7	High-Coercivity Magnetic Strip	4.10.2.7	N/A	✓
4.10.3.8	Annual Review	4.10.2.8	10	✓
4.10.3.9	Track 2 Format	4.10.2.9	10	✓
4.10.3.10	Primary Account Number (PAN)	4.10.2.10	10	✓
4.10.3.11	Card Security Features	4.10.2.11	10	✓
4.10.3.12	Card Obverse	4.10.2.12	10	✓
4.10.3.13	Card Reverse	4.10.2.13	10	✓
4.10.3.14	EBT Card Production & Management	4.10.2.14	N/A	✓
4.10.3.15	Retailer Test Cards	4.10.2.15	N/A	✓

4.11 PROJECT WIDE ACCOUNT SET UP AND BENEFIT AUTHORIZATION

We address your project wide account set up and benefit authorization requirements throughout our response to this RFP section.

4.11.1 Objective

The objective of this task is to ensure the vendor's activities will result in successful project completion.

Bringing Benefits and Meeting Objectives

- ***EPPIC is parameter-driven. This provides a significant advantage because no major modifications are needed any time you decide to add new programs or modify program requirements, such as a change in federal requirements.***
- ***Our Connect solutions are available 24/7/365 and can readily accept multiple account set up and benefit authorization records and file transmissions through host-to-host, and batch processes allowing you the flexibility to transmit files at any time.***
- ***Our tiered account structures for each program provide you with assurance that all benefits are efficiently maintained.***
- ***Our web-based Administrative Terminal navigation and information formats are exceptionally user-friendly, providing you the benefit of immediate control of data entered into new or existing accounts.***

Flexibility within EBT Connect—our solution for SNAP/TANF—and WIC Connect—our solution for WIC EBT—simplifies account set up and benefit authorization using a multi-tiered account structure that ensures accurate account set up and benefit authorization. Our online, host-to-host, and batch-oriented processes remove barriers found with static processing, we accept your files whenever you want to send them, and we process them immediately. By selecting Conduent, you receive cutting-edge technology with secure and encrypted data flow to assure proper data management, confidentiality, and protection from unauthorized access to benefits. We have in place and operational everything needed to accomplish your Nevada EBT Programs' objectives and the entire scope of services in a single platform, EPPIC.

We work with each program's unique requirements to maintain the integrity of their case management records such as the case number, head-of-household and participant ID numbers, program benefit type, benefit amount, and availability date information. We understand from our work with other state WIC EBT programs that your WIC benefit information also contains the category name and number, the subcategory name and number, and the amount by unit of measure. To ensure that benefits are used accurately, we check the benefit availability date of each benefit.

Each program's account setup and benefit authorization files are processed using file translation to accommodate existing file layouts. We can receive daily files at an agreed upon time or at any time without notification. We process and accept files 24/7/365 confirming the successful transmission of the Account Setup File with an Account Status File that includes the EPPIC-assigned ACH account number, or benefit authorization number, for routing deposits or benefits to the card account.

Our primary method for file transmission security uses an industry standard Secure File Transfer Protocol (SFTP) over our Multiprotocol Label Switching (MPLS) network, which provides for data transferred between the State's system(s) and our system to be encrypted, preventing unauthorized users from accessing sensitive data. We use industry standard Triple DES encryption algorithm to protect data in transit and at rest.

In addition to batch and host-to-host processes, we support each agency with the capability of creating and maintaining SNAP, TANF, and WIC accounts through our web-based Administrative Terminal. Its navigation and information formats are exceptionally user-friendly and offer immediate control of data entered into a new or existing account.

Virtually all the data management functions for disbursing benefits, aging, expunging, archiving, and maintaining history are contained within the business functions at the sub-account level. Tracking benefits at the sub-account or funding level allows EPPIC to match every transaction to a specific benefit issuance. Thus, we provide detail on benefit use that other EBT contractors may be unable to match, and we report on benefits, transactions, and account activity sorted and filtered in almost any manner you request.

As noted, a significant advantage of our EPPIC platform is that it is parameter-driven, and no major modifications are needed any time you decide to add new programs or to modify program requirements, such as a change in federal requirements. Changes to parameters are accomplished dynamically, so any parameter-driven changes may be made without major programming efforts, and the change takes effect immediately.

Critical to the project wide account set up and benefit authorization activities is addressing each Program's unique business requirements and defining formats at the file and record level, content, data elements, data management rules, and account numbering hierarchy. We then turn our focus to documenting the details of the account set up and benefit authorization which includes:

- ***The EBT account structure***
- ***How we manage benefit types and the process for reporting exception transactions***
- ***Managing program users identification/authentication for inactivity***
- ***Approach to set up of EBT accounts***
- ***How we establish the EBT account number and perform account maintenance***
- ***Recording and maintaining EBT transaction history and ease of access***
- ***Benefit authorization***
- ***Deliverables for project-wide account set up and benefit authorization***

Our approach, and benefits of our technical solution for project wide account set up and benefit authorization, is detailed in the following subsections.

4.11.2 Activities

The following activities related to EBT cards must be addressed:

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.11, Project Wide Account Set up and Benefit Authorization, and ensure that DHHS' objectives are met. Our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.11.2.1 Account Set-up and Benefit Authorization

Nevada EBT programs generate the account set-up and benefit authorization files and records by benefit type based upon activity occurring within the Programs' certification/eligibility systems. To establish an EBT account and post benefit authorizations, Program staff transmit account set-up and benefit authorization files and records to the EBT contractor through online, host-to-host and batch processes. The EBT contractor's EBT systems must accommodate the EBT Programs' interface requirements and shall be available 24 hours per day, seven (7) days per week to accept account set-up and benefit authorization records and file transmissions. During the contract period, the EBT contractor shall be required to accommodate changes in interface requirements resulting from modifications to the EBT Programs' certification/eligibility systems. The EBT contractor shall be available to accept file and record

transmissions within 60 minutes of being notified by the EBT Program staff that their system was not available to accept a file or record transmission.

The EBT contractor shall be required to establish high performance connectivity between the EBT contractor's primary and back-up EBT systems and EBT Programs' primary and back-up systems. The EBT contractor shall be required to provide all necessary hardware and software to ensure connectivity. The EBT contractor shall be required to have a back-up procedure to transfer and accept account set-up and benefit authorization files and records should the normal file and/or record transfer process fail.

Also, the EBT contractor shall support FNS standards and requirements for the support of farmers' market retailers for the duration of the contract. The SNAP staff may desire to provide additional support to farmers' markets or direct-marketing farmers in the future. Further discussion of this topic will occur during the JAD process.

Conduent has reviewed and complies with this section's RFP requirements. Our solution is designed to receive the account set up and benefit authorization files and records by benefit type based upon activity occurring within each program's certification/eligibility systems 24/7/365; supporting both scheduled and on-demand file transmission and processing. We are prepared to accept these files as often as the State desires and at any time of the day or night.

EPPIC can start processing all account set up and benefit authorization records upon arrival or at pre-scheduled times. Our system identifies and begins processing all files immediately upon receipt in sequential order. Additionally, we fully support the entry of account set up and maintenance records (including benefit and demographic updates) through an online client-to-host link, using a transfer protocol of your choosing. To support host-to-host, we install VPN links for your State systems to our host interface. This VPN-based solution is unparalleled in the industry and provides you with the most flexible, secure, and robust telecommunications network available. Program staff access our system through the State's own intranet, which means that their account updates and other administrative application actions must pass through the State's secure firewall and into the VPN, thereby ensuring the secure transmission of all sensitive data. At no point do we transmit unencrypted cardholder information in combination with any demographic or account data over a public network using this method.

Network and Connectivity Solution

The high-performance Conduent network between the data centers (i.e., primary and backup) and your State data centers consist of two MPLS circuits, each provided by a different carrier (i.e., Sprint and Level 3 Communications), with a router on each end for switching and message translation. There are redundant connections to the primary and backup data centers and to your data centers.

Farmers' Market Retailers

We will support FNS standards and requirements for farmers' market retailers throughout the duration of the contract. We acknowledge that SNAP staff may desire to provide additional support to farmers' markets or direct-marketing farmers in the future. We will discuss this with you during the joint application design (JAD) sessions.

4.11.2.2 EBT Account Structure

EBT Account Structure requirements apply to benefits which are accessed with WIC, SNAP or TANF issued EBT cards. The EBT contractor shall design the EBT Account Structure to ensure that:

A. Benefit balances are accurately maintained;

B. Benefits accessed by clients are drawn from the appropriate benefit account;

1. Benefits accessed by the WIC HOH are only those food items authorized for that household, only for the applicable issuance period and only UPC's maintained on the WIC Programs Approved Product List (APL).

C. Benefit accounts are not overdrawn; and

D. The EBT contractor shall be liable for any funds drawn from an incorrect account or program, for overdrafts against EBT benefit accounts including allowing access to program benefits prior to the availability date, for WIC benefits allowed from non-authorized food categories or subcategories and for EBT host transaction processing errors.

Conduent has reviewed and complies with this section's RFP requirements. ***EPPIC provides a tiered account structure for SNAP, TANF, and WIC that ensures the following:***

- ***Benefit balances are accurately maintained***
- ***Benefit accounts are not overdrawn***
- ***Benefits are drawn from the appropriate account***
  - ***Note: Benefits accessed by the WIC head-of-household*** are only those food items authorized for ***that household, only for the applicable issuance period, and only UPCs maintained on the WIC Program's Approved Product List (APL)***

It should be noted that we accept liability for any funds drawn from an incorrect account or program and for overdrafts against EBT benefit accounts. This includes allowing access to program benefits prior to the availability date, non-authorized food categories or subcategories, and for host transaction processing errors.

Our process begins by establishing an account record in Tier One, the highest level of benefit consolidation of "pooled" benefits. All sub-tiers are pooled to this summary account level, which serve as the foundation and links all services to a household or individual. As shown in Exhibit VI-24, this account structure allows for the management and reporting of benefits at either the upper rolled-up tier level or the individual issuance sub-account level.

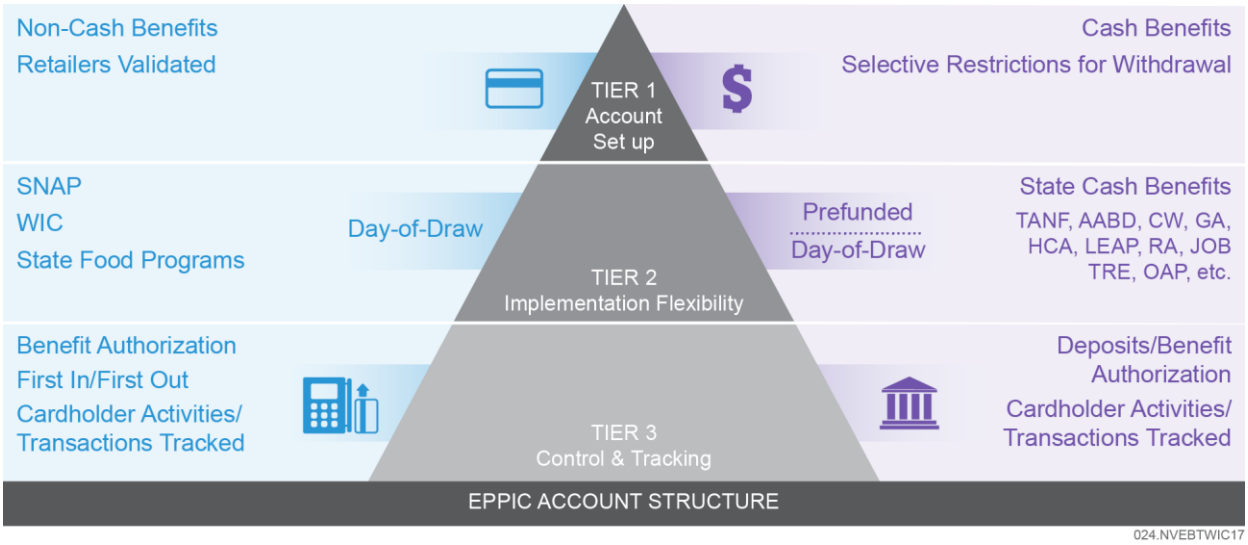


Exhibit VI-24. EPPIC EBT Account Structure

The EPPIC multi-tiered EBT account structure supports tier one "pooled benefits," tier two benefit details by sub-program account, and tier three containing cardholder activity.

Features of the multi-tier account structure include the following:

- ***Tier One** involves **account set up.** Accounts are set up according to major benefit categories or program types, such as cash and non-cash (SNAP and WIC). Tier One also manages the pooled balances based upon business rules established by individual State Programs.*
- ***Tier Two** provides **implementation flexibility.** This tier directly relates to the program level. All program-specific benefits, such as SNAP, TANF, WIC and other cash benefits are identified here.*
- ***Tier Three** provides **control and tracking.** This tier relates to the sub-program group where cardholder activities and transactions are tracked. We track benefits dynamically on a first-in, first-out basis for managing program funding sources and refer to the primary program designation as the order for disbursing the funds. The three Nevada EBT Programs can thereby determine which programs are debited first or restricted.*

Whichever way SNAP, TANF, or WIC accounts are set up, the same business rules apply. We report at the lowest (Tier Three) sub-program level or consolidate information at each of the two higher levels.

4.11.2.3 Benefit Types

A. The EBT contractor shall establish an EBT account structure that supports the characteristics and restrictions of the State's EBT programs. The State reserves the right to modify program requirements in response to changes in State or Federal program regulations or to add other Federal or state-administered programs.

B. The EBT contractor's TANF Cash Benefit account structure includes both prefunded and day-of-draw cash benefits.

C. The TANF account structure must have the flexibility to accommodate and support additional nutrition, cash, health or other benefit programs that may be added to the EBT program during the contract period.

Conduent has reviewed and complies with this section's RFP requirements. ***Our multi-tiered account structure supports the characteristics and restrictions of each of the State's EBT programs. We acknowledge and will support the State to modify program requirements in response to changes in State or federal program regulations, or to add other federal or State-administered programs during the contract period. Our TANF Cash Benefits account structure includes both prefunded and day of draw cash benefits and has the flexibility to accommodate and support additional nutrition, cash, health, or other benefit programs that may be added to the EBT Programs during the contract period.***

4.11.2.4 Exception Transactions

The ANSI X9.58-2013 (or most current version) standard (for SNAP) has been updated to address new technology that eliminates the need to swipe the card or key-enter the PAN into the POS device. This includes such innovations as identification by finger image (e.g., Pay-by-Touch) and Radio Frequency Identification (RFID) cards. The EBT contractor must accept and process EBT transactions that contain the new codes, record the new transaction types as part of transaction history and identify them to FNS as specified in the ALERT file instructions.

Conduent has reviewed and complies with this section's RFP requirements. ***We currently do not accept pay-by-touch finger imaging and RFID card transactions as Nevada and other states have not required this technology. We will accept and process transactions that contain the new codes required by the latest version of ANSI X9.58-2013 eliminating the need to swipe-the-card or key enter the card number (PAN) into the POS device when FNS requires this capability and you wish to implement these types of transactions as part of your EBT Programs. EPPIC will record these transaction types as part of the transaction history and identify them to FNS as specified in the ALERT file instructions.***

4.11.2.5 User Identification/Authentication

In order to manage EBT users and maintain security, the EBT contractor will be required to provide Program Management staff with a report of any State/local user who has been inactive for six (6) months. The applicable program staff will then determine whether to delete or inactivate the users.

Conduent has reviewed and complies with this section's RFP requirements. ***We will define, develop, and include in our suite of reports data unique to each agency's required content, format, and delivery schedule a report of inactive users for six months. Applicable program staff could then access the report from the web-based Administrative Terminal and determine whether to delete or inactivate the users.***

4.11.2.6 Set-up EBT Account

To set-up an EBT account, the Program staff will generate account set-up records containing specific client demographic data necessary for the establishment of an EBT account and transmit these records to the EBT contractor's EBT host system. Each case/participant is created with a primary card holder or head of household (HOH). In the EBT contractor's EBT system, the screen which displays the primary cardholder's, or HOH's, information should contain active links to the cardholder screens of all other cardholders connected to the case (i.e. authorized representatives, protective payees, where

allowed, etc.). The EBT system must create EBT accounts upon the receipt of the account set-up record.

Conduent has reviewed and complies with this section's RFP requirements. ***EPPIC creates EBT accounts immediately upon receipt of the account set up record. Nevada program staff generates the account set up records containing specific client demographic data required to establish accounts that are transmitted to EPPIC. Each case/participant is created with a primary cardholder or head-of-household.***

EPPIC offers complete Administrative Terminal functionality for appropriate program staff to perform functions necessary to deactivate, issue, or replace recipient, authorized representative, protective payee, and group home cards. The Administrative Terminal Recipient Card Management screen, shown in Exhibit VI-25, allows authorized users to update EBT card status and authorize account access and links to screens showing information on cases connected to the primary account.

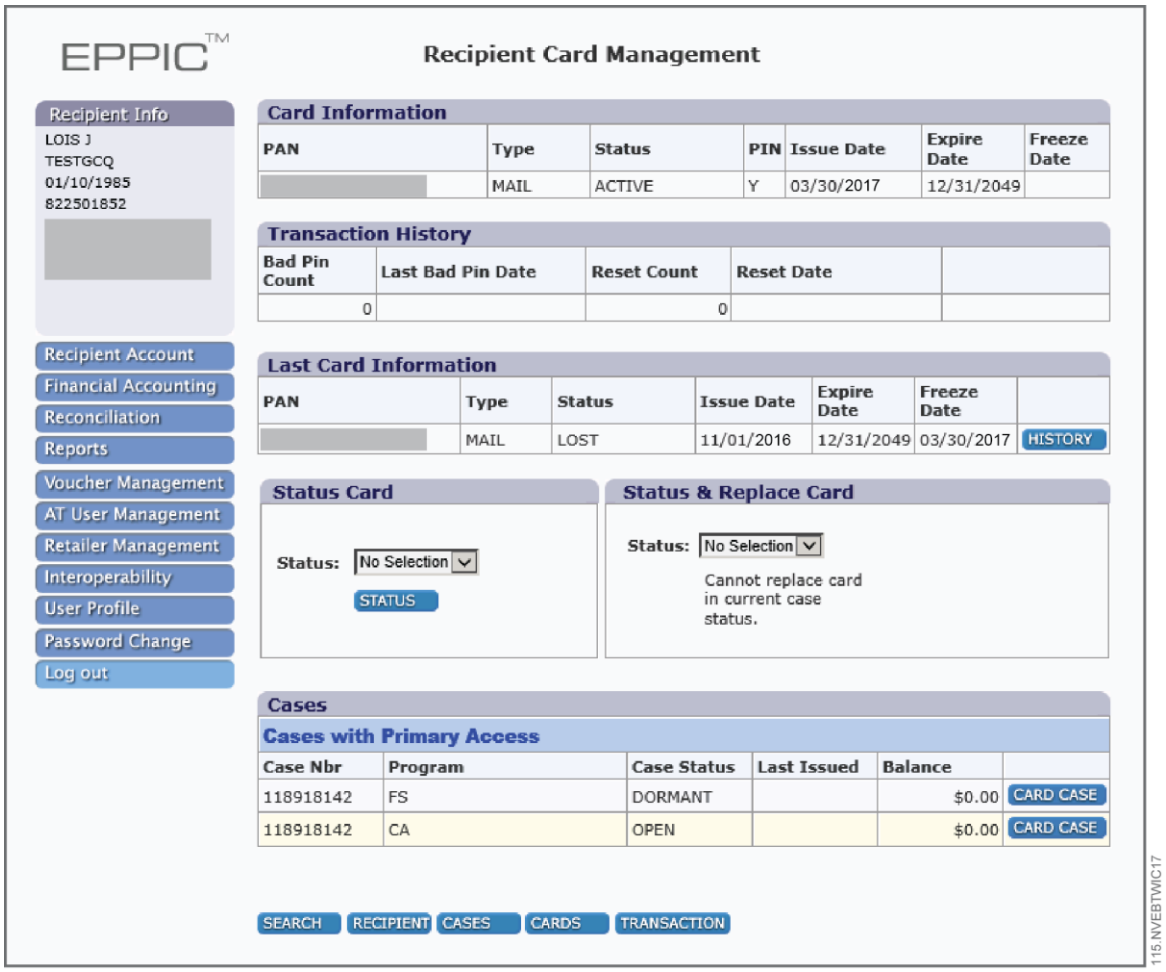


Exhibit VI-25. Recipient Card Management Screen
This screen allows authorized program staff to view and make real-time changes to a cardholder's card status and account access.

4.11.2.7 Establish the EBT Account Number

The EBT contractor is required to establish a unique EBT account number for use in identifying each EBT account in the EBT contractor's system.

Conduent has reviewed and complies with this section's RFP requirements. ***EPPIC establishes a unique EBT account number to identify each EBT account. EPPIC currently supports non-duplicated account numbers up to 12 characters.***

4.11.2.8 EBT Account Maintenance

A. The EBT contractor shall maintain an account for each SNAP/TANF household and WIC family. The primary purpose of client account maintenance is to ensure that clients have access to their authorized benefits, Program staff have administrative access and tools to manage client accounts, and that accurate and timely information is maintained regarding client transactions, account balances and client demographic information. The EBT contractor shall not make changes or updates to account demographic information unless authorized to do so by the Programs staff. The EBT Program staff will send updates to account demographic information through batch or administrative processes. The EBT contractor shall be required to return a confirmation for updates to the EBT account and demographic data.

B. Authorized clients may be eligible for benefits under both SNAP and TANF so the card must maintain accounting for each program separately on the SNAP or TANF issued card. The EBT contractor must ensure that benefits are available on the benefit availability date and time designated by each program.

1. Any unused SNAP and TANF cash balance(s) are carried over from month-to-month.

2. Any unused WIC benefits are removed at the end of the calendar month.

C. Authorized WIC participants will receive one card per household with the benefits for all authorized participants in the household aggregated to the household card. Foster children will receive their own card.

Conduent has reviewed and complies with this section's RFP requirements. ***We agree that the primary purpose of client account maintenance is to make certain that clients have access to their authorized benefits. To do so, EPPIC maintains an account for each SNAP/TANF household and WIC family.***

Authorized program staff use our Administrative Terminal to manage client accounts and to ensure that accurate and timely information is maintained regarding transactions, account balances, and demographic information. We do not make any changes or updates to account demographic information unless authorized to do so by program staff.

We accept updates with account demographic information and return a confirmation for updates to account demographic data, depending on each program's preferences. Upon receipt of the data, we check to confirm that all fields comply with established formats and perform data and numeric range checks and other validation to ensure the accuracy of the data. Changes to accounts are applied dynamically through parameter-driven business rules defined during the JAD sessions. More importantly, these rules can change during the project life cycle and with EPPIC, we can make the required changes quickly, without disrupting ongoing operations.

We understand that clients may be eligible for benefits under both SNAP and TANF. We provide accounting for each program separately on the account/card. We ensure that benefits are available on the benefit availability date and time designated by each program. Any unused SNAP and TANF balances are carried over from month-to-month and any unused WIC benefits are removed at the end of the calendar month.

WIC EBT Program Variances for EBT Account Maintenance

As required, WIC households receive one card per household with benefits for all authorized participants in the household aggregated to the household card. Foster children receive their own card.

4.11.2.9 Maintain EBT Transaction History

A. The EBT contractor shall be required to maintain and provide access to current account balances and a rolling five (5)-year transaction history for each account. The EBT contractor shall provide the SNAP and TANF program staff with online access through administrative terminal functionality for a minimum of one year of transaction history. WIC Programs staff will have access to WIC participants/HOH account balances and transaction history through the EBT host's web portal.

B. Access to data older than five (5) years must be made readily accessible to authorized entities as required for investigative and auditing purposes. Transaction history data must be maintained as required by Nevada, FNS, Federal Reserve Board, QUEST® Rules or Federal law.

C. At the termination of the contract, the EBT contractor shall transfer the most recent five (5) years of transaction detail to an entity specified by the State's EBT Programs and ensure accuracy and readability of such information at the new location, or maintain the transaction detail in such a format that it supports timely access to that data by authorized State and Federal staff. At a minimum, data within the transaction history inquiries shall include:

1. PAN (card number);
2. EBT account number;
3. Recipient case identification numbers;
4. Benefit program identifier;
5. Retailer identification numbers (USDA-FNS, EBT system and acquirer);
6. Terminal identification number;
7. Transaction type;
8. Transaction amount;
9. Transaction date and time;
10. Transaction detail;
11. Transaction results (approval code or denial reason);
12. Store name and address;
13. Account balance after the transaction; and
14. ACH transaction history.

Conduent has reviewed and complies with this section's RFP requirements. We maintain and provide access to current account balances and a rolling five-year transaction history for each account and older data is maintained for investigative and auditing purposes. SNAP and TANF program staff have Administrative Terminal access to three years of transaction history, exceeding your one-year transaction history accessibility requirement. Transaction history data is maintained as required by the State, FNS, the Federal Reserve Board, Quest Rules, or federal law.

We meet all requirements for the transfer of the most recent five years of transaction data to an entity identified by the State's EBT Programs at the termination of the contract.

4.11.2.10 Benefit Authorization

A. To authorize benefits, the Programs staff generates benefit authorization records, containing the case number or HOH and participant ID numbers, Program/benefit type, amount, and availability date information. (WIC benefit information will also contain the category name and number, the subcategory name and number, and the amount by unit of measure.) The EBT contractor shall be required to check the benefit availability date of each benefit file and record to ensure that it is not older than a State specified date. (WIC benefits are issued by calendar month with benefit dates generally being the first day of the month, unless benefits are prorated, and the end date being midnight of the last day of the month.) In addition, the EBT contractor shall be required to develop a file edit procedure to detect duplicate files and/or records. The EBT account is the record kept and maintained by the EBT contractor for each benefit type (WIC, SNAP, and TANF) that the client receives.

B. Account set-up and benefit authorization records received by monthly, daily, multiple daily, overnight, and 'real-time' batches must be processed and benefits made available to clients on the benefit availability date by the time specified by the Program and agreed upon with the EBT contractor. In addition to overnight batch files, the EBT contractor must be able to accept batch files or account set-up and benefit authorization records sent through administrative terminals throughout the day. Batch files received during the day

must be processed and benefits made available, if applicable according to the benefit start date, to clients within one (1) hour of receipt.

C. Records sent through the administrative terminal or web portal are online and must be processed and benefits made available to clients immediately, if applicable according to the benefit start date.

Conduent has reviewed and complies with this section's RFP requirements. ***EPPIC receives benefit authorization records and processes and posts the benefit information to the appropriate SNAP, TANF, or WIC accounts on the database. The EBT account is the record kept and maintained by EBT Connect and WIC Connect for each benefit type (SNAP, TANF, and WIC) that the client receives. At a minimum, these benefit records include case number or head-of-household and participant ID numbers, program/benefit type, unique benefit authorization, amount, and availability date information. These records may be transmitted as standard monthly issuance files, daily, multiple-daily, overnight, and 'real-time' batches. Benefit files are processed and benefits made available to clients on the availability date and time specified by the EBT Program and agreed upon by Conduent.***

WIC EBT Program for Benefit Authorization

As described, we can manage account set up and maintenance files using batch, online, or host-to-host processes. We plan to use batch and online processing for SNAP and TANF accounts and host-to-host processing for WIC accounts.

As required, WIC benefit information contains the category name and number, the subcategory name and number, and the amount by unit of measure. We acknowledge that WIC benefits are issued by calendar month with benefit dates generally being the first day of the month, unless benefits are prorated, and the end date being midnight of the last day of the month.)

4.11.3 Project Wide Account Set Up and Benefit Authorization Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete. These deliverables are those which will be needed by all three (3) programs included in this contract.

4.11 PROJECT WIDE ACCOUNT SET UP AND BENEFIT AUTHORIZATION			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.11.3.1	Account Set-up and Benefit Authorization	4.11.2.1	10
4.11.3.2	EBT Account Structure	4.11.2.2	10
4.11.3.3	Benefit Types	4.11.2.3	10
4.11.3.4	Exception Transactions	4.11.2.4	10

4.11 PROJECT WIDE ACCOUNT SET UP AND BENEFIT AUTHORIZATION			
4.11.3.5	User Identification/Authentication	4.11.2.5	10
4.11.3.6	Set-up EBT Account	4.11.2.6	10
4.11.3.7	Establish the EBT Account Number	4.11.2.7	10
4.11.3.8	EBT Account Maintenance	4.11.2.8	10
4.11.3.9	Maintain EBT Transaction History	4.11.2.9	10
4.11.3.10	Benefit Authorization	4.11.2.10	10

We have reviewed the required deliverables for RFP Section 4.11, Project Wide Account Set Up and Benefit Authorization, and we will comply as illustrated in Table VI-13.

Table VI-13. Project Wide Account Set Up and Benefit Authorization Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.11.3.1	Account Set up and Benefit Authorization	4.11.2.1	10	✓
4.11.3.2	EBT Account Structure	4.11.2.2	10	✓
4.11.3.3	Benefit Types	4.11.2.3	10	✓
4.11.3.4	Exception Transactions	4.11.2.4	10	✓
4.11.3.5	User Identification/Authentication	4.11.2.5	10	✓
4.11.3.6	Set up EBT Account	4.11.2.6	10	✓
4.11.3.7	Establish the EBT Account Number	4.11.2.7	10	✓
4.11.3.8	EBT Account Maintenance	4.11.2.8	10	✓
4.11.3.9	Maintain EBT Transaction History	4.11.2.9	10	✓
4.11.3.10	Benefit Authorization	4.11.2.10	10	✓

4.12 SNAP/TANF REPORTING AND DATA REQUIREMENTS

We address your SNAP/TANF reporting and data requirements throughout our response to this RFP section.

4.12.1 Objective

The objective of this task is to ensure the vendor's activities will result in successful project completion.

The EBT contractor shall generate management and statistical reports, both summary and detailed reports, regarding cardholder accounts to each applicable State program.

Appendix G: Project Reports defines the reports currently available to SNAP and TANF staff. The EBT contractor shall be required to provide, at a minimum the reports listed in this section of the RFP and the ***Appendix G: Project Reports***. The WIC Programs reports are defined in the ***WIC Specific Scope of Work, Section 4.14.***

Bringing Benefits and Meeting Objectives

- ***Our extensive suite of standard SNAP, TANF, and WIC EBT reports and the flexibility to support future reporting needs means the State has ready access to all the information needed for optimized program management, both today and beyond.***
- ***Easy online access to all reporting and analytics functions for authorized users means State staff can instantly access the program data they need to do their jobs most efficiently.***
- ***Powerful business intelligence and data warehouse functionality integrated within EPPIC allows the State to monitor each program thoroughly, with particular emphasis on the increasingly important mandate of preventing fraud to increase program efficiency and reduce costs.***

Continuous, reliable access to reports for your three EBT Programs serve as an important management tool by keeping track of all program information, transaction volumes, activities, and trends. EPPIC's extensive reporting features include a wide range of parameters that offer the State an open window into all program information, account activity, and transactions. Benefit participants are constituents of a complex program, and these reports allow the State to gauge and monitor the quality and accuracy of the service they receive—while remaining aware of any misuse or anomalous activities that potentially threaten program integrity.

Conduent's comprehensive reporting package, EPPIC, fully supports the informational requirements of the State. Our highly flexible, benefit-based system is designed to retrieve any data element that it stores, and to do so quickly and easily. Other systems that may have been built originally for financial or commercial transactions cannot retrieve data efficiently, are likely to have problems reconciling data, and can face obstacles producing new reports reliably or responding in a timely manner to queries. Because EPPIC was built just for this purpose, we provide many standard reports that can be revised easily or create new ones more quickly than contractors who use unwieldy legacy systems. Whether your needs are management or statistical, summary or detailed, Conduent will meet those needs.

Within the remainder of this section, we detail our comprehensive and proven reporting solution to ensure continuous, robust, and efficient information for the State.

Success Story: At-A-Glance

Client: Southeastern State
(name withheld for confidentiality)
Focus: Fraud Detection

"You handled yourself very well on the witness stand and I appreciate your preparation and patience with the process. The State secured a guilty verdict, and I believe a large portion of that was due to getting the records into evidence through you as a records custodian for Conduent. I also believe presenting the records in an organized format through use of the data warehouse was a vital part of the trial. I look forward to working with you in the future. Please let me know if I can be of any assistance. Please pass along my thanks to the whole Conduent team who assisted in this request!"

Please see our response to RFP Section 5.1.10 for full details.

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4.12.2 Activities

The Project Management Team shall have approval rights over all standard reports and data files being provided by the EBT contractor to Nevada SNAP and TANF staff.

All report formats and report data will be tested during UAT and validated by the Program staff prior to statewide rollout.

The following activities must be addressed:

Authorized agency users have a variety of options available to meet their reporting needs through the industry's most user-friendly, highly intuitive Administrative Terminal application. The State has approval rights over all standard reports and data files we produce for all three EBT Programs. In addition, report formats and report data are tested during UAT and they are validated by your staff prior to statewide rollout.

Conduent Reporting Solution Overview

EPPIC, which supports our Connect solutions, is a benefit-based system (not account-based) built specifically for government electronic payment programs. We created the EPPIC database and data structures to meet EBT program management needs like benefit aging, expungement, and fraud investigations. The system is designed to retrieve any data element that it stores quickly and easily, while other EBT systems do not offer this advantage. EPPIC uses the industry-leading Oracle relational database to assist in searching and retrieving data elements, and is distinguished by ease of report development, web-based access, and understandable format and content.

To show the ease of requesting and viewing an EPPIC-produced report for a specific date, we provide two exhibits: Exhibit VI-26 shows EPPIC's main navigation menu on the Administrative Terminal, and in that example, the authorized user can select "Reports." Exhibit VI-27 shows a list of the various report types that are available to the user, based upon the date entered.

Exhibit VI-26. EPPIC Menu

A user can select "Reports" from the EPPIC menu bar to view reports.

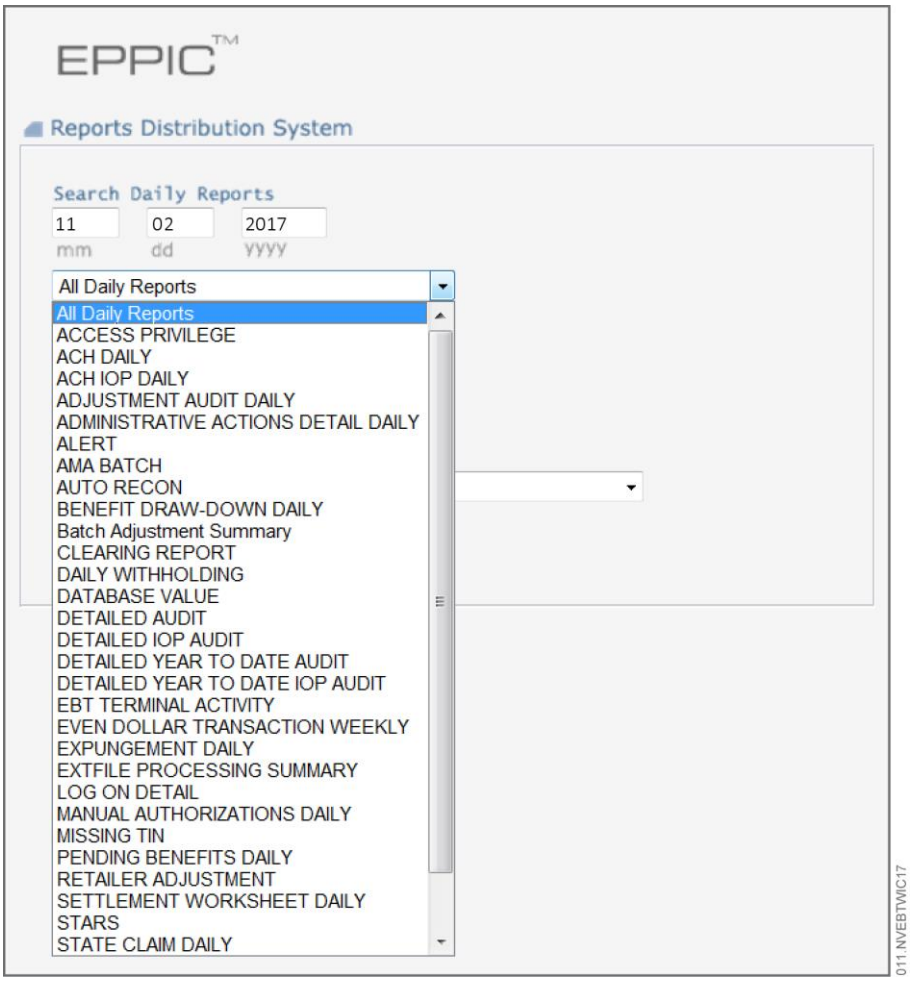


Exhibit VI-27. EPPIC Report Selection Screen
Available reports for the selected date range are displayed in the drop-down box.

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.12, SNAP/TANF Reporting and Data Requirements, and ensure that DHHS' objectives are met. Although the RFP section includes "SNAP/TANF" in the title, there are many similarities in our Connect solutions for SNAP, TANF, and WIC. As such, our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.12.2.1 Electronic Reports

Reports shall be provided electronically via:

- administrative functionality;
- electronic data files; and/or
- through a data warehouse.

Settlement and reconciliation reports shall be consolidated at the State level by program. See additional information regarding date warehouse requirements in ***Appendix F ~ Data Warehouse Functionality.***

Conduent has reviewed and complies with this section's RFP requirements. ***The State's primary objective for the reporting function is for agency staff to be fully informed regarding the performance metrics associated with each EBT Program. We support this objective through EPPIC's powerful reporting functionality, which effectively turns every piece of data from cardholder transactions, financial functions, user activity, customer service, and card activity into useful, actionable information for program monitoring, evaluation, and fraud and misuse detection. Using advanced investigative tools like flexible ad hoc reporting and true EBT data warehousing means that data trends and analysis are as available to the State as standard program data.***

You need a proven reporting suite that provides a detailed view of program activities, statistics, and trends at the level of single benefit programs (i.e., SNAP, TANF, and WIC) for program analysis. By selecting Conduent to serve as your next EBT contractor, Nevada will benefit from our EBT Connect and WIC Connect solutions and our demonstrated experience in meeting comparable reporting needs for our numerous other EBT and WIC EBT programs.

With EPPIC's object-oriented programming, flexible open architecture, and efficient database design, we have an unmatched ability to readily modify an existing report for you, or create new versions as your reporting needs change. Depending on your preference, we can provide reports online through the Administrative Terminal in various formats.

For each applicable State program (i.e., SNAP, TANF, WIC), we produce all required management and statistical reports related to cardholder accounts in both summary and detailed formats. Our technical staff has carefully reviewed your SNAP/TANF reporting requirements identified in this RFP section and in RFP Appendix G, Project Reports, as well as the WIC reporting requirements listed in RFP Section 4.14.2.18, WIC System Reports and System Data; at a minimum we will produce all of the required reports.

Our reports are provided electronically through the Administrative Terminal, through electronic files transmitted to the State using Secure File Transfer Protocol (SFTP), or through the data warehouse summarized later in this proposal section. Settlement and reconciliation reports are consolidated at the State level by EBT Program. Delivering reports through a web interface provides State staff with a rapid access, highly efficient user interface that can generate reports in an attractive, easy-to-read PDF format that can be saved for future reference. However, EPPIC accommodates report delivery in a variety of formats and we will work with you to provide your reports in a format that works best for you.

4.12.2.2 Daily and Monthly Activity Data Files

The EBT contractor shall provide a comprehensive set of daily and monthly activity files to the Program staff reflecting all transactions or account actions that impact each programs EBT account balances or account status.

Conduent has reviewed and complies with this section's RFP requirements. ***We provide a comprehensive set of daily and monthly activity files that reflect all transactions or account actions that impact EBT account balances and account status. Each day, the system generates the files you need for reconciliation, auditing, investigation, and for supporting the State's accounting system. This information is summarized monthly and also is accessible through the data warehouse.***

4.12.2.3 Standard Reports

The EBT contractor shall be responsible for producing periodic (daily, weekly, and monthly, as appropriate) standard reports for transmission to each program and USDA-FNS. Standard reports provided to the Program staff and USDA-FNS electronically shall use standard ANSI carriage controls for controlling the formatting of reports being printed.

Conduent has reviewed and complies with this section's RFP requirements. ***The State and FNS require daily, weekly, and monthly (as appropriate) standard reports that include standard ANSI carriage controls for controlling print report formatting. Our standard reports for the EBT system cover program operation and management, including cardholder EBT activity, transactions, system monitoring, customer service, retailers, and system performance. We are responsible for producing all required periodic standard reports for transmission to each EBT Program and USDA FNS. The ANSI carriage control we use ensures the reports print correctly on all State printers.***

4.12.2.4 Statistical Reports

The EBT contractor shall provide statistical reports, which assist with the management of each Program's EBT system. The EBT contractor may also suggest, in addition to the reports detailed in this RFP, other statistical reports that will help with the management of the EBT system.

Conduent has reviewed and complies with this section's RFP requirements. ***We produce a wide assortment of statistical reports and work with you during the Design Phase to identify additional reports that may help manage each program's EBT activities. All statistical reports are available on an online basis through the EPPIC Administrative Terminal. A sample of our standard Management Statistical Report is provided as Exhibit VI-28.***

MANAGEMENT STATISTICAL REPORT (RPT220) PAGE: 96
PREPARED FOR: STATE FOR THE PERIOD: 08/01/2017 - 08/31/2017 RUN: MON, 09/01/2017 2:19 AM

SERVICE SITE		BENEFITS AUTHD	ACTIVE CASES	ACTIVE CARDS	CARDS ISSUED	TYPE OF TRANSACTIONS	COUNT
	8151	0	19	7366	0	FOOD STAMP PURCHASE	0
						FOOD STAMP RETURN	0
						CASH PURCHASES	0
						POS CASH WITHDRAWALS	0
						BALANCE INQUIRIES	22
						ATM TRANSACTIONS	0
						VOUCHER TRANSACTIONS	0
						VRU TRANSACTIONS	0
						TOTAL	22
	8150	0	0	207	0	FOOD STAMP PURCHASE	0
						FOOD STAMP RETURN	0
						CASH PURCHASES	0
						POS CASH WITHDRAWALS	0
						BALANCE INQUIRIES	0
						ATM TRANSACTIONS	0
						VOUCHER TRANSACTIONS	0
						VRU TRANSACTIONS	0
						TOTAL	0

STATE TOTALS

DESCRIPTION	COUNT
BENEFITS AUTHD	
ACTIVE CASES	
ACTIVE CARDS	
CARDS ISSUED	
------TRANSACTIONS PERFORMED-	
FOOD STAMP PURCHASE	
FOOD STAMP RETURN	
CASH PURCHASES	
POS CASH WITHDRAWALS	
BALANCE INQUIRIES	
ATM TRANSACTIONS	
VOUCHER TRANSACTIONS	

070.NVEBTWIC

Exhibit VI-28. Management Statistical Report

This report provides a monthly summary of transaction activity on EPPIC at the State and local agency levels.

4.12.2.5 Data Warehouse

A. The EBT contractor shall be required to provide the Program with an electronic repository serving as a data warehouse of all transactional data relating to the Program's EBT system. The Data Warehouse should be designed in such a way that it facilitates the Program's ability to derive reports and perform analysis of data derived from EBT operations. The EBT contractor shall be required to provide Data Warehouse capability that will allow appropriate Program staff to access the data warehouse through administrative terminals, screens and/or systems or through an Internet browser application. This data should include at a minimum, but not necessarily be limited to, the data elements shown in the table in ***Appendix F: Data Warehouse Functionality***.

B. The Contractor shall provide a SNAP and TANF Data Warehouse User Guide and maintain a browser-based Data Warehouse application. Following successful login of an End User and before displaying any System Data, the Data Warehouse application shall require the End User to accept a State-approved terms of usage message stating that Data is confidential, system access is logged, and system use is for business purposes only. If the End User does not accept the terms of usage, the Data Warehouse application shall log the End User out and display the login page.

C. The Data Warehouse application shall use a data repository that is independent of the EBT Host Systems. The Contractor shall partition and secure the Data Warehouse Data in such a manner as to ensure that only State-identified End Users can access, view, query, and download the Data.

D. The Data Warehouse application shall include all Data available in:

1. The SNAP/TANF administrative application;

2. SNAP/TANF administrative application End User activity logs;

3. SNAP/TANF EBT batch Files;

4. SNAP/TANF EBT Reports;

5. Cardholder Website End User activity logs;

6. Retailer Website End User activity logs; and

7. FNS REDE Files.

E. The Data Warehouse application shall retain Data for a minimum of five (5) years. The Contractor shall archive, on an ongoing basis, Data that is five (5) years or older, and make the archived Data available to the State, upon request, within five (5) Business Days.

F. The Data Warehouse application shall allow End Users to display an executive management dashboard that displays summary information identified by the State in the form of graphs and charts.

G. The Data Warehouse application shall allow End Users to display Data using ad hoc queries. The Data Warehouse application shall allow End Users to create ad hoc queries using a drag-and-drop tool. The Data Warehouse application shall allow End Users to save ad hoc queries.

H. The Contractor shall provide Data Warehouse specific End User support between the hours of 8:00 am and 5:00 pm Pacific Time Monday through Friday.

I. The Contractor shall provide up to ~~one hundred (100)~~ **three hundred (300) hours to DWSS** ~~of agreed upon changes to the Data Warehouse~~ at no cost to the State each calendar year, with unused hours carried over to subsequent calendar years through the end of the Contract. Time for the Contractor to correct Data Warehouse defects or performance-related Data Warehouse issues shall not count against the ~~one hundred (100)~~ **three hundred (300)** no-cost (to the State) hours of agreed-upon changes per calendar year.

Conduent has reviewed and complies with this section's RFP requirements. ***Our web-based EBT Intelligent Analytics Portal/Data Warehouse (IAP) also meets all of the requirements identified by the State in RFP Section 4.14.2.18, WIC System Reports and System Data, Requirement G. It effectively serves as a five year electronic repository of EPPIC transaction, card issuance, and account data. Specifically, it enables you to conduct historical analysis on transaction and account data, providing analytical capabilities for managing information, generating and sharing ad hoc reports, and scheduling standard reports to run regularly.***

Our Connect solutions offer a wide-range of business intelligence (BI) features, as shown in Exhibit VI-29. Each feature is designed to improve your ability to easily query and analyze program data, predict program trends, and perform highly detailed fraud analysis and prevention. Our IAP is presented through a web-based user portal that enables authorized State users, partners, and our personnel to easily sort and manipulate data to meet specific needs. Both EPPIC and the IAP fully support various user classifications. This includes the distinction between "standard users" with view access to the Administrative Terminal and access to standard, already constructed queries and reports; and a limited number of IAP "power users" who can create custom queries and reports. The IAP's browser-based user portal provides access to an assortment of existing reports with multiple parameter-based filter options where the end-user can generate more than 250 unique queries.

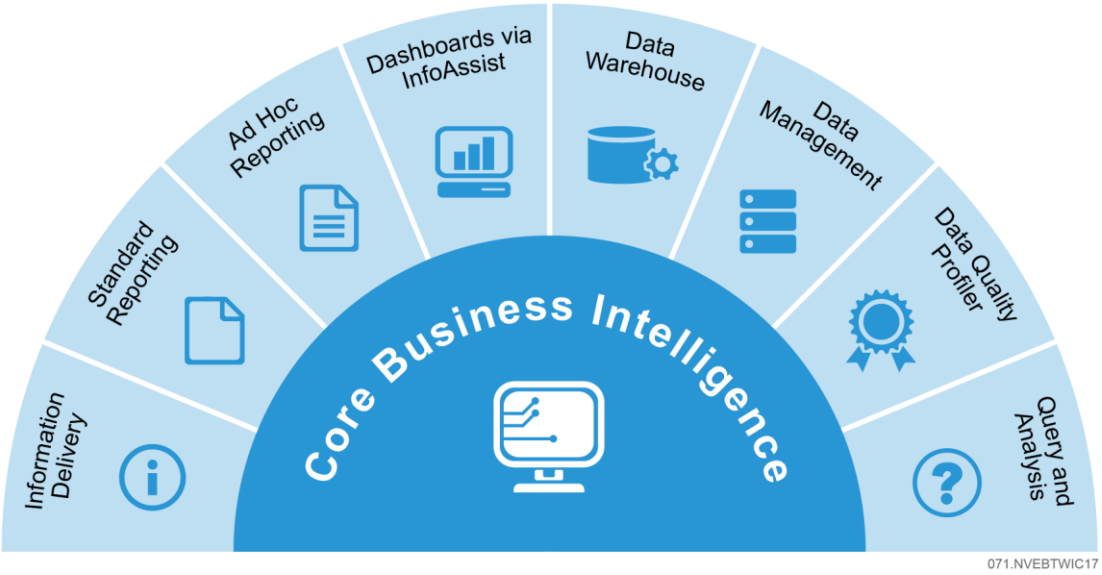
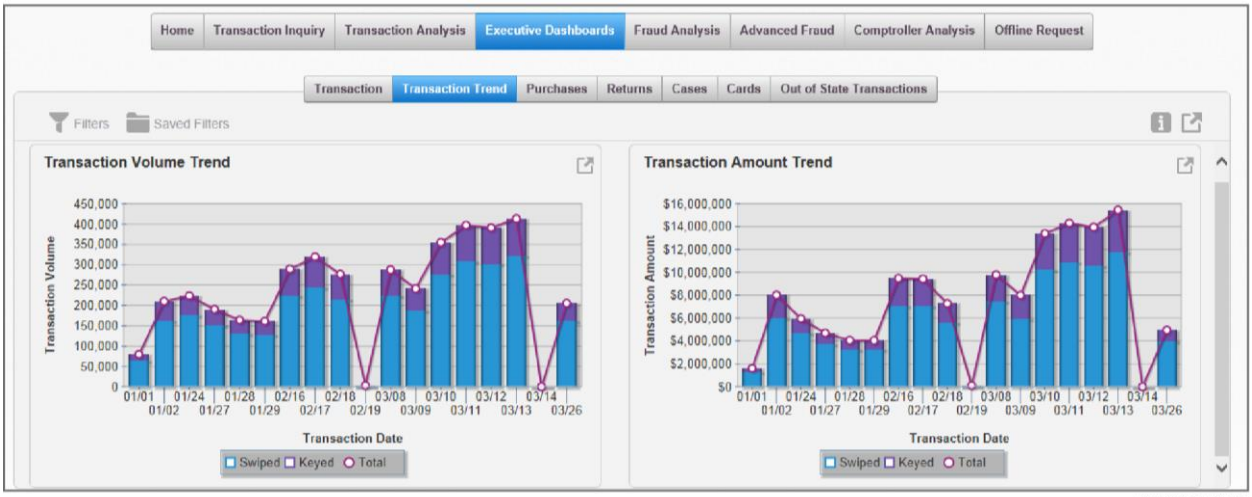


Exhibit VI-29. Intelligent Analytics Portal Capabilities
Our data warehouse solution provides a powerful suite of tools that allows the State to manipulate, collate, and scrutinize data in a number of applications.

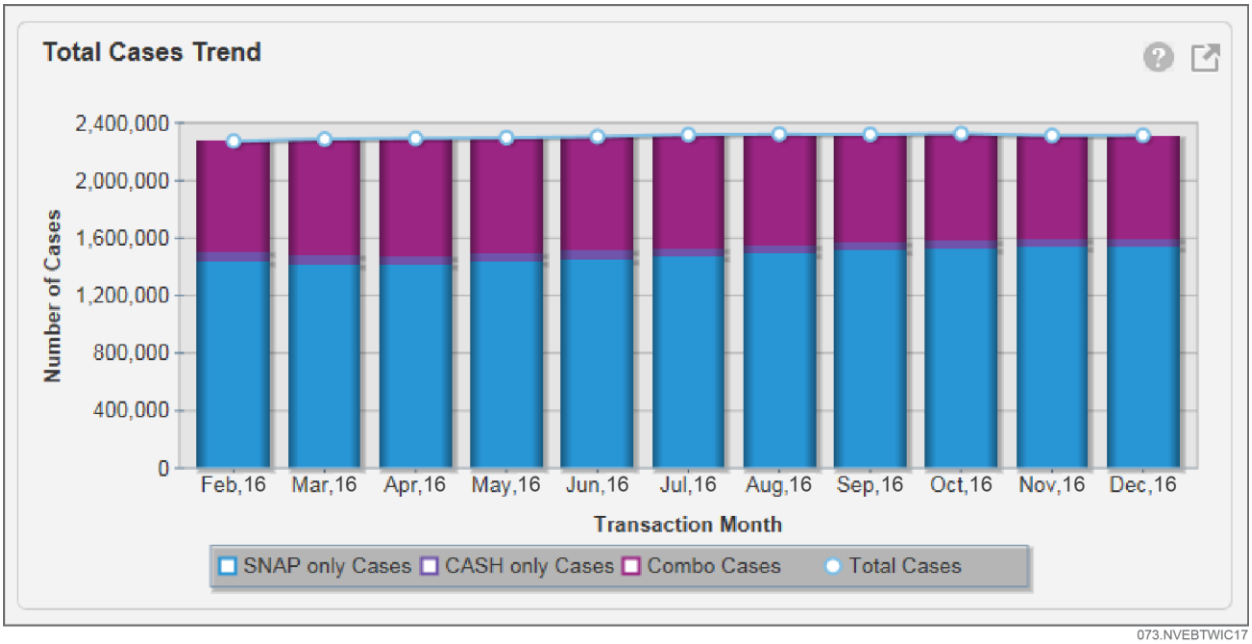
As shown in Exhibit VI-30, we provide a pre-programmed, feature-rich, Executive Dashboard suite of exportable, executive summary high-level reports. As the sample screen shown in Exhibit VI-31 depicts, the screen tabs can drill into multiple related reporting layers to produce charts, tables with configurable views, annotations, and views of data with sort options. In addition, the IAP offers a data-mining tool, InfoAssist, which provides you with the most advanced, simple-to-use, ad hoc reporting features needed to create custom reports and perform insightful analysis. It is important to note that we will provide a SNAP and TANF Data Warehouse User Guide that fully addresses these ad hoc reporting features.



072.NVEBTWIC17

Exhibit VI-30. Pre-built Executive Dashboards

Our IAP provides a suite of dashboards that allow the State to easily summarize key program measures.



073.NVEBTWIC17

Exhibit VI-31. IAP Graphic Report Display

The IAP generates a variety of charts, tables with configurable views, and annotations to display key information in the most useful format.

In addition to our standard IAP, many states have chosen to rely on us to help them anticipate fraud patterns to stay ahead of potential problems. To meet this challenge, we have developed an advanced predictive analytics fraud package that enhances our clients' ability to further reduce fraud, waste, and abuse. This innovative, optional service is fully integrated with the IAP. This optional service is available today and specifics can be discussed during the JAD sessions if the State decides to add this functionality to their data warehouse. Please see our response to Section X, Other Informational Material, X.1, Conduent Innovations, for more information about our advanced predictive analytics fraud package.

WIC EBT Program Variances for Data Warehouse

The basic IAP functionality described earlier is applicable to the Nevada WIC EBT Programs as well, however, some of the data outputs will of course be different based on the nuances of the WIC program itself. For example, the tracking of transactions by Household ID and Vendor ID. We also will produce a separate WIC Data Warehouse User Guide.

4.12.2.6 Ad-hoc Reporting Capability

A. To make use of the Data Warehouse functionality, the EBT contractor shall be required to provide the Program staff with a robust ad-hoc reporting capability. The EBT contractor may propose either a web based reporting application or an online reporting application and may propose a commercial off the shelf (COTS) reporting package.

B. The ad hoc reporting capability must provide access to transaction history data and the data warehouse. The EBT contractor shall provide parameter driven-access to permit, at a minimum, data inquiry, sorting and extraction capability as follows:

1. By account, summary credit, debit, and current balance information;

2. By account, detail information on all program transactions for a specified period of time, listing items such as date, time, location, and amount;

3. By account, detail information on all transactions for specific retailer terminals;

4. By account, EBT card status, card issuance, and card replacement history including account balances at time of replacement and summary statistics on card replacements over specified time periods;

5. By retailer, detail information on all program transactions for a specified period of time, listing such information as account numbers, dates, times, locations, terminals, and amounts;

6. By retailer, detail information on all transactions for a particular account; and

7. By transaction sequence number.

C. Due to changing and evolving business needs, the report formats and data requirements of the State and the Federal Program agencies are subject to change. Therefore, a comprehensive EBT Data Warehouse and Ad-hoc Reporting Tool must accommodate evolving reporting requirements that the EBT contractor shall be required to support.

Conduent has reviewed and complies with this section's RFP requirements. ***We provide you with powerful, online ad hoc reporting functionality for parameter-driven access of up to five years of transaction history from our data warehouse. The sorting and extraction capability is fully compliant with the seven data categories identified in this RFP section.***

Our data warehouse offers a data-mining tool, InfoAssist, which provides you with the most advanced, simple-to-use, ad-hoc reporting features needed to create intricate reports and perform insightful analysis. ***You also have access to even more complex queries by working with our project managers, Angie Hernandez for SNAP/TANF EBT and Jeff Vinsant for WIC EBT, to design and submit a query request when specific data or reports are needed. In addition, the flexible nature of our data warehouse design readily accommodates evolving reporting requirements of the State and federal agencies.***

WIC EBT Program Variances for Ad-hoc Reporting

The ad-hoc reporting functionality described in this section is identical for the WIC EBT Programs, except sorting and extraction capability will be fully compliant with the four report categories identified by the State in RFP Section 4.14.2.18, WIC System Reports and System Data, Requirement H.

4.12.2.7 General Reports

Following is a list of reports, by general description, that will be needed by program staff to manage, operate and monitor the Programs' EBT systems. The Bidder is encouraged to provide a description of other reports that could be provided to assist in the operations and monitoring of the Programs' EBT systems:

A. Daily and Monthly Activity Files/Reports

The EBT contractor shall provide a comprehensive set of daily account activity data files reflecting all programs' transactions or account actions initiated by the program staff via batch and/or online during an EBT processing day, initiated on behalf of the State by the EBT contractor or initiated by cardholders. The reports shall provide details on every transaction that impacts an EBT account balance or account status. The reports shall show the amount of the transaction, type of transaction, date and time of transaction, and who originated the transaction (batch or online).

B. Daily and Monthly Activity – Benefit Redemption Reports

The EBT contractor shall provide Daily and Monthly Program Benefit Redemption Reports for each EBT Program. The reports shall identify all benefit redemption activity for each processing day and for the month. The reports shall indicate total number of redemptions, number of debits, number of credits, value of debits, value of credits, time of redemption, value of non-settling transactions and net benefit redemption amount.

C. Daily and Monthly Activity – Benefit Authorization/Issuance Reports

The EBT contractor shall provide Daily and Monthly Activity Program Benefit Authorization Reports for each EBT Program. The reports shall identify all authorization activity/issuance for each processing day and for the month. This includes all activity to authorize/issue benefits, cancel, repayments, and aging, whether the transaction was initiated at an administrative terminal, through the batch files, or the aging process. The reports shall reflect all transactions that affect the value of the database.

D. Daily and Monthly Activity - Terminal Reports

The EBT contractor shall provide Daily and Monthly Program Activity Terminal Report. The reports shall identify all benefit authorizations, purchases by card for each business day and for the month. This includes all activity at POS terminals and balance inquires. The report shall be segmented by county/local office, retailer and then by PAN.

E. Daily and Monthly Activity - Summary Reports

The EBT contractor shall provide Daily and Monthly Activity Summary Reports of activity for each program. The reports shall summarize all the activity reported on the Daily and Monthly Activity Authorization and Daily and Monthly Activity-Terminal reports. The totals are used in the settlement process.

F. Settlement Reports

The EBT contractor shall provide daily Program Settlement and Clearing Reports for each EBT Program. These reports shall provide, at a summary level, the total funds that settled for the processing day for each programs' benefits issuance, retailers settled amounts, by retailer, and required funding to pay retailers. This report shall balance to the totals from the terminal activity reports.

In addition, the EBT contractor shall also be required to develop procedures and reports that will enable the program staff to streamline the reconciliation and settlement verification processes. A comprehensive daily electronic report that reconciles all benefit transactions for each EBT Program back to the original authorization and allows the program staff to ascertain their daily change in their outstanding obligations is preferred. These reports, which are segmented by Program, will include benefit authorizations, benefit adjustments, benefits pending or future benefits, net benefit redemptions, benefits in suspense for SNAP, repayments for SNAP, expungements, adjustments, transfers, voids, reversals, ATM fees for TANF, restored benefits, unapplied transactions, any other transactions

that affect settlement, and the resulting settlement amounts by retailer.

G. Financial Reports

The EBT contractor shall provide daily and monthly financial reports, which are reports needed by the EBT Program in order to account, reconcile, balance, and audit the EBT systems processing and operations.

H. End of Day Database Balance Reports

The EBT contractor shall provide Daily and Monthly End of Day Database Reports for each program. The reports shall provide the value of the outstanding liability for unused benefits residing on the EBT systems at the end of the processing day. The daily and monthly totals shall be maintained by benefit type and rolled up to the Program. Totals shall be reported by program. The ending balance for the previous day shall become the beginning balance for the current processing day. The ending balance for the current processing day shall be reconciled by taking into account the beginning balance for the processing day (which is the ending balance from the previous day) and adding or subtracting, as appropriate, the account activity as detailed from both the Terminal Activity and Account Activity Reports and as summarized on the End of Day Database Balance Reports. Account activity shall include, but is not limited to, opening balances, purchases, voids, cancellations, expungements, credits, transfers, holds, repayments, and closing balances.

I. Reconciliation Reports

The EBT contractor shall provide an Agency Reconciliation Report. This report shall provide proof of reconciliation by Program. This report shall reflect program totals beginning with the current settlement, reduced by the previous suspense, increased by the current suspense to arrive at the daily activity.

J. ACH Activity Reports – Clients and Retailers

The EBT contractor shall provide daily Program ACH Activity Reports by Clients and Retailers. This report shall identify all direct deposit activity, including payments, returns, pre-notes and Notice of Change (NOC). The report shall identify the name of the client or provider, their Program ID or case number, their financial institution, their bank account number, the value of the deposit or return and any NOC data.

K. ACH Activity Summary Reports

The EBT contractor shall provide daily Program ACH Activity Summary Reports for each Program. These reports shall summarize all EBT-only merchant, client and retailer ACH activity. This report shall reflect the merchant, client and retailer entries by amount and count.

L. Repayment Reports

The EBT contractor shall provide a daily SNAP/TANF Repayment Report. This daily report shall provide a listing of the SNAP/TANF benefits that have been retrieved by the State. This report shall list the case number or State ID number, transaction date, source, user ID, county, local office or admin code, benefit type, authorization number, requested amount, and repayment amount. These are non-settling transactions.

M. Billing Reports

The EBT contractor shall provide Nevada SNAP and TANF Programs, in an electronic format, detail reports substantiating the monthly billing for EBT services. The billing reports shall include detail information to allow the EBT Programs to validate the bill for EBT services as well as pass through expenses being charged, such as optional services.

N. Recipient Account Reports

The EBT contractor shall provide all necessary reports to support and track the complete conversion of recipient accounts maintained by the Programs' existing EBT contractor (FIS/CDP). These reports shall include all elements necessary for an audit of the records that would provide adequate assurance to the State and the EBT Program staff that a successful, accurate and complete conversion of recipient accounts was achieved. In addition, the new EBT contractor shall provide a reconciliation of the final database value of the current EBT contractor prior to conversion and an opening database value from the new EBT contractor after conversion of the recipient accounts. The EBT contractor shall be liable for any errors or omissions resulting from a delayed, incomplete or inaccurate conversion of files. The EBT contractor shall assure the Project Management Team that all data elements in each recipient file have been properly converted, including availability dates of future dated benefits. The EBT contractor shall be liable for any benefits, which are made available before their scheduled availability dates.

O. Administrative Activity Reports

The EBT contractor shall provide daily Administrative Activity Reports that lists all administrative actions attempted and completed either by the system or users logged onto the EBT system. The reports shall identify the transaction type and the EBT account affected. Administrative actions include, but are not limited to, account set-up, benefit authorization, update to client demographic, case, or account data (e.g., recipient name or address), account closure, card or PIN issuance, benefit transfers, benefit expungements, authorized representative and/or alternate cardholder additions or updates, and change of client ID on pending cards/accounts.

P. Authorized Representative/Alternate Cardholder Reports for SNAP/TANF

The EBT contractor shall provide a daily report that lists all benefit transactions initiated by a SNAP/TANF authorized representative or alternate cardholder. The report shall identify the authorized representative/alternate cardholder name and card number, the client name, address, State ID number, the amount of the transaction and the transaction type.

Q. Protective Payee Reports for SNAP/TANF

The EBT contractor shall provide a daily report that lists all benefit transactions initiated by a SNAP/TANF protective payee cardholder. The report shall identify the protective payee name and card number, the client name, address, State ID number, the amount of the transaction and the transaction type. The EBT contractor shall also provide a daily report that lists all protective payees and identifies the case numbers for which they are the protective payee.

R. Invalid Card Attempts Reports

The EBT contractor shall provide monthly reports that lists all transaction attempts using an invalid card. The reports shall include cardholder name, State or Program ID or case number, retailer ID, retailer name and location, terminal ID, date and time.

S. Pending Reports

Program staff may issue a card, set up client demographics or set up benefits data prior to completion of the client certification process. In some cases, the client will not become certified. The EBT contractor shall be required to provide daily reports detailing pending benefits and quarterly reports for pending cards and demographics. The Pending Card Reports shall include card number or PAN, date card issued, and client ID.

The Demographics Pending Reports shall include client name, client ID, and client address. The Benefits Pending Reports shall include card number/PAN, benefit amount, benefit type and benefit availability date.

T. Pending Purge Reports

The EBT systems will automatically purge pending cards, accounts and demographic data based on parameters specified by the Project Management Team. The EBT contractor shall provide monthly reports of purge activity.

U. Administrative Benefit Authorization Reports

The EBT contractor shall provide daily reports of all program benefit authorizations that are added to the EBT system through the Administrative functionality. This audit report shall include, at a minimum, the benefit amount, benefit type, and the User ID of the staff member using the Administrative functionality to issue the benefit.

V. Benefit Aging Reports

The EBT contractor shall provide daily reports of program recipients who have not accessed their benefits during the Programs specified intervals. The EBT contractor shall clearly identify the aging category, the applicable Program and the EBT account and the amount of benefits being aged.

W. Card Issuance/Re-Issuance Reports

The EBT contractor shall provide audit and statistical reports of EBT program benefit cards issued and/or reissued to recipients. Audit reports shall provide detail data by card issued, such as reason for issuance (i.e., initial issuance or replacement for lost/stolen card) and by Program. Statistical reports shall provide data needed to manage the EBT systems, such as the card reissue rate, the reasons for the re-issuance, etc. The EBT contractor shall suggest the statistical reports that will best help program staff to manage the issuance process.

X. Card Status Reports

The EBT contractor shall provide daily reports detailing all program benefit cards “statused” as well as a summary of cards “statused” for each status reason.

Y. Lost, Stolen or Damaged Card Reports

The EBT contractor shall provide daily reports to each Program detailing all program benefit cards reported as lost, stolen or damaged. The reports shall include card number or PAN, cardholder name, date card reported, reason (lost, stolen or damaged), and total number of cards that have been issued to the cardholder.

Z. Transaction Denial Summary Reports

The EBT contractor shall provide monthly statistical reports that provides the number and percentage of recipient transactions denied, the applicable Program, and the reason for the denials (i.e., non- sufficient funds, invalid PIN, etc.).

AA. Invalid PIN Attempts Reports

The EBT contractor shall provide monthly reports of cardholders that have conducted three (3) invalid PIN transactions within a 24-hour processing day during the month. The reports shall provide cardholder name, card number, retailer name, retailer location, retailer ID, terminal ID, date and time and Programs.

BB. Fraud Detection Reports

The EBT contractor shall recommend a set of fraud reports to help the staff from each EBT Program manage and detect fraud. Examples of such reports include multiple withdrawals on the same day, even dollar transactions, excessively large dollar transactions, large amount or recurring refund and credit transactions, manual transactions and excessive card replacement. To prevent internal fraud, the EBT contractor shall also develop a process and provide reports to systematically identify cards issued by a worker and sent to the worker's address. The EBT contractor shall also recommend other fraud reports that would be helpful to the EBT Program.

CC. Manual Card Entry Reports – County or Local Office

The EBT contractor shall provide monthly reports by county, local agency, and local office, listing the SNAP cards that were manually entered and not swiped. The report shall list the card number, case number, and transaction amount, and indicate whether the card is for the recipient or for an alternate payee. The report shall include only those cards for which 100% of the transactions are manually entered.

DD. Manual PAN Entry Reports – Terminal

The EBT contractor shall provide monthly reports by terminal, listing the program card PANs that were manually entered rather than swiped. The report shall list the card number, case number, merchant ID, terminal ID, clerk ID, transaction date and time, transaction type, rejection code, and the transaction amount. The report shall include only those terminals for which 100% of the transactions are manually entered.

EE. Reports Required by FNS

If requested by the State, the EBT contractor shall provide additional reports to meet FNS requirements. These requirements may include, but are not limited to, reporting changes in retailers' financial institutions, a report on POS inventory including terminal identification, and a report of commercial retailers by TPPs.

FF. Batch File Reports

The EBT contractor shall propose a standard set of batch processing reports to be used by the EBT contractor and the Programs' staff to ensure the complete and accurate transfer of data during nightly batch processing.

GG. Batch Processing Reports

The Batch Processing Report shall include a summary report by file transmission that provides a confirmation for the processing of the batch file(s). The summary report shall contain summary verification data, including the total number of records received in the batch and the number of records by record type (e.g., number of additions, changes, and deletions of records). The report shall contain a transmission processing summary (i.e., number of records accepted and number of records rejected). The EBT contractor shall submit batch confirmation reports to Program staff within one (1) hour of processing the file.

HH. Batch Exception Reports

The EBT contractor shall provide a Batch Exception Report for all batch files received by the State. Batch Exception Reports shall contain a listing of all records received within a batch, which were not processed by the EBT contractor, and verification of the comparison of reports to prevent duplicate files and records. Each record included on the exception report shall have a corresponding reason code indicating the cause of the rejection. In particular, duplicate case exceptions shall be clearly identified. The EBT contractor shall submit

Batch Exception Reports and/or records to the Program within 30 minutes of processing the file.

II. System Response Time Reports

The EBT contractor shall provide monthly reports summarizing EBT Host response times within pre-established tiers for both recipient transactions for SNAP and WIC (POS and ATM transactions) and for Administrative Terminal transactions for SNAP and TANF. The reports shall include:

- Average daily response indicating the number of transactions for the day, the average transaction response time for the day and the number of transactions completed within one, two, three and greater than three seconds for the day;

- By hour of the day, the number of transactions completed in one, two, three and over three seconds. The reports shall be used to monitor the EBT contractor's compliance with host response times. The EBT contractor shall also provide monthly reports providing response times for administrative screens, card issuance and PIN selection devices.

JJ. Scheduled System Maintenance

The EBT contractor shall issue a monthly report providing the system maintenance schedule for a rolling six (6) month period.

KK. Host System Availability Report

The EBT contractor shall provide a monthly report summarizing EBT Host system availability. The report shall detail all instances of host system down time, including the reason, duration of down-time and whether the down time was scheduled or unscheduled. The report shall be used to monitor the EBT contractor's compliance with host system availability requirements.

LL. EBT System Availability Report

The EBT contractor shall provide a monthly report summarizing availability of the entire EBT system, to include any services provided by the EBT contractor or any subcontractors, including but not limited to, the central computer, network, intermediate processing facilities and gateway. The report shall detail all instances of down time,

including the reason, duration of down time and whether the down-time was scheduled or unscheduled. The report shall be used to monitor the EBT contractor's compliance with EBT system availability requirements.

MM. Non-System Performance Reports

The EBT contractor shall be required to provide a reporting mechanism to keep the Programs apprised of contractor performance on non-system performance standards. Non-system performance standards are specified in ***Appendix E ~ Performance Standards***, and include, but are not limited to, the following:

- Inaccurate transactions;
- Customer/Retailer answered calls timely;
- PIN selection equipment replacement timelines;
- Response timelines for user setup/password changes for PIN selection devices;
- Card mailing standards reports; and
- Timely posting and availability of benefits.

NN. Transaction Statistics Report

The EBT contractor shall provide a monthly report providing a summary of transactions by Program, by time of day and day of month. The purpose of the report is to show the peak processing time for the EBT system.

OO. Management Statistics Report

The EBT contractor shall provide a monthly summary report of transaction activity on the EBT system at a county and State level. Statistics provided should include, at a minimum, benefits authorized for the previous month, transactions performed by transaction type (i.e., SNAP purchases, cash purchases, cash withdrawals), the number of active cases on the system, number of active cards on the system, and the number of cards issued and the number of cards replaced during the month.

PP. Case Activity Summary

The EBT contractor shall provide monthly reports containing a statistical summary of case activity.

QQ. Administrative Function Security Reports

The EBT contractor shall provide Administrative Function Security Reports. Administrative Function Security Reports

identify the users of the EBT Administrative Function application and card issuance and PIN selection terminals. The report shall provide an audit trail of the access and administrative transactions performed by the users.

RR. Access Definition Report

The EBT contractor shall provide a monthly report detailing each authorized administrative terminal or system user with the ability to access State, county or local office EBT data or conduct administrative transactions. The report must include the status of the individual (active, inactive, new user, revoked due to failed attempts, etc.). The report shall also detail the level of access afforded the user through the EBT administrative and data warehouse functions. The report shall include the State and local office profiles and the valid functions within each profile.

SS. Failed Logon Report

The EBT contractor shall provide by State, county or local office, and by user ID, a daily report of users failing in their attempt to logon to the EBT system. The report shall be broken down into day, week and month.

TT. User Session Activity Report

The EBT contractor shall provide a daily audit report by user ID of all actions taken by the user on the EBT system through the administrative functionality.

UU. Card Issuance Report

The EBT contractor shall provide a daily report by user ID and local, county and/or regional office of all EBT cards issued over the counter and by web admin screen for the previous day.

VV. Security Access Issuance Report

The EBT contractor shall provide a monthly report detailing the date of receipt of a security access request from the Program staff and the date the EBT contractor issued the user password.

WW. Customer Service Statistics Reports

The EBT contractor shall provide on a monthly basis reports, containing statistics and the effectiveness of the customer service functions for the client, provider and retailer

Customer Service Help Lines. Statistics for the IVR, EBT Web Site and CSRs shall be reported. The EBT contractor shall deliver the reports described below:

1. Monthly Cardholder Customer Service Statistics Reports

   The EBT contractor shall provide a Cardholder Customer Service, Help Desk, IVR and Web Portal Statistics Report. This monthly report shall provide a summary of the number of calls received by the Cardholder Call Center by Program, by reason (hot card, balance inquiry, transaction history, etc.) for both IVR and CSR. Daily statistics regarding the call center performance (i.e., number of calls, number of rings before answered, number of abandoned calls, number of busy signals received) shall be collected and reported.

2. Monthly Retailer Customer Service Statistics Reports

   The EBT contractor shall provide a Retailer Customer Service, Help Desk, IVR and Web Portal Statistics Report. This monthly report shall provide a summary of the number of calls received on the Retailer Help Desk by reason (voice authorization, terminal problems, settlement questions, etc.) for both IVR and CSR. Statistics regarding retailer help tickets, including number of tickets opened, tickets closed, reason for ticket, and applicable EBT Program shall be provided. Daily statistics regarding the help desk performance (i.e., number of calls, number of rings before answered, number of abandoned calls, number of busy signals received) shall be collected and reported.

3. Monthly EBT Web Portal Statistics Reports

   The EBT contractor shall provide a monthly report summarizing website activity including inquiries and transactions conducted by clients, retailers and provider and group home facilities.

4. Monthly Top 50 Callers Report

   The EBT contractor shall provide a monthly report identifying the 50 clients making the most calls to the Client Call Center by program.

5. Monthly Account High Balance Report

   The EBT contractor shall provide a monthly report identifying clients with high dollar value accounts. The dollar amount will be specified by the State.

6. Notice of Change Orders

The EBT contractor shall be required to provide a quarterly report to program staff identifying change orders that were processed for the previous quarter.

Conduent has reviewed and complies with this section's RFP requirements. At a minimum, our proposed reporting package includes all of the "General" reports identified by the State in this RFP section. A sample existing report in this category is provided in Exhibit VI-32. It is important to note that our solution maintains the same level of access and provides all data elements provided to you by your existing EBT contractor. Moreover, EPPIC's flexibility enables us to adapt the reports to better match all of your reporting needs while closely matching their existing formatting and duplicating the data you currently use to manage and reconcile your EBT system.

With respect to Settlement Reports (i.e., Requirement F.), please note that our system reconciles only settled transactions, using a daily zero-dollar balancing approach that streamlines the State's reconciliation and settlement verification processes and eliminates the discrepancies of suspense accounting, in-flight, and unapplied transactions.

```
STATE                                   CARD ISSUANCE/REPLACEMENT REPORT (RPT014)
PAGE: 1
PREPARED FOR: ST                                  FOR: TUESDAY 08/29/2017                          RUN: THU, 08/31/2017 10:48
AM
____________________________________________________________________________________________________________________________
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OFFICE                 NEW PAN              OLD PAN              REASON          ISSUANCE DATE/TIME
--------------------  -------------------  -------------------  --------------  -------------------
WILLIAMS                                                         NEW ISSUANCE    08/28/2017 09:16:46
                                                                 NEW ISSUANCE    08/28/2017 09:21:53
                                                                 NEW ISSUANCE    08/28/2017 09:24:57
                                                                 NEW ISSUANCE    08/28/2017 09:35:38
                                                                 LOST            08/28/2017 10:03:25
                                                                 STOLEN          08/28/2017 10:34:59
                                                                 LOST            08/28/2017 12:20:58
                                                                 STOLEN          08/28/2017 12:54:30

TOTALS FOR OFFICE: WILLIAMS
                       REPLACEMENT REASON           COUNT
                       ---------------------  ----------------
                       DISABLED                              0
                       ISSUED                                0
                       ORDERED                               0
                       PRINTING                              0
                       ACTIVE                                0
                       REPLACED                              0
                       RETURNED                              0
                       STOLEN                                2
                       LOST                                  2
                       DAMAGED                               0
                       MAIL PAN                              0
                       MAIL PIN                              0
                       MAIL PAN,PIN                          0
                       DELETED                               0
                       INACTIVE                              0
                       DEFECTIVE                             0
                       ---------------------  ----------------
                       TOTAL                                 4

STATE                                   CARD ISSUANCE/REPLACEMENT REPORT (RPT014)
PAGE: 2
PREPARED FOR: ST                                  FOR: TUESDAY 08/29/2017                          RUN: THU, 08/31/2017 10:48
AM
____________________________________________________________________________________________________________________________
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REPORT TOTALS
                       REPLACEMENT REASON           COUNT
                       ---------------------  ----------------
                       DISABLED                              0
                       ISSUED                                0
                       ORDERED                               0
                       PRINTING                              0
                       ACTIVE                                0
                       REPLACED                              0
                       RETURNED                              0
                       STOLEN                                2
                       LOST                                  2
                       DAMAGED                               0
                       MAIL PAN                              0
                       MAIL PIN                              0
                       MAIL PAN,PIN                          0
                       DELETED                               0
                       INACTIVE                              0
                       DEFECTIVE                             0
                       ---------------------  ----------------
                       TOTAL                                 4

                                          ------------- END OF REPORT -------------
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084.NVEBTWIC17

Exhibit VI-32. Card Issuance/Replacement Report (General Report)
This report includes both detail and summary information on EBT cards issued.

WIC EBT Program Variances for Reports

Although the basic process for accessing WIC EBT reports is the same as described earlier for SNAP and TANF EBT Programs, and available report formats are identical as well, you will receive various reports that are unique to WIC EBT Programs (e.g., Monthly WIC Rebate Analysis Report, Monthly Family Utilization Report, WIC Monthly Activity by Unit Report, and more). As an example of the typical WIC EBT reports we provide, we have included a WIC EBT System Reports Manual Table of Contents from one of our other WIC EBT programs in Exhibit VI-33.

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Exhibit VI-33. WIC EBT Reports Manual Table of Contents

This document describes and includes samples of all WIC EBT reports and will be adapted to meet Nevada's specific WIC reporting requirements.

For the Nevada WIC EBT Programs, at a minimum, we will produce all reports required in RFP Section 4.14.2.18, WIC System Reports and System Data.

4.12.2.8 SNAP Specific Reports

A. Terminal Activity Summary Report (State)

The EBT contractor shall provide a daily SNAP Terminal Activity Summary Report. This report provides a summary of all transaction activity for the EBT Gateway and all EBT-only merchants as a grand total for the State. This report shall provide the SNAP staff with the total settlement amount for all merchant and EBT Gateway activity on a business day. The total settlement by program minus previous suspense plus current suspense results in the Daily Activity. This report shall present the Database activity for applicable areas such as adjustments, fees, refunds, voids, voucher clears, withdrawals and reversals, which shall total and agree to the Daily Activity. This report shall include totals broken out by program type and also statewide totals.

B. AMA Batch Issuance Report

The EBT contractor shall provide a daily AMA Batch Issuance Report. This report shall reflect the daily SNAP transactions by type (i.e. issuance, cancellation, repayment, non-settlement, and expungements); effective date; and summary totals which have been posted to the daily data base and have been transmitted by the EBT contractor to the ASAP/AMA system at the Federal Reserve Bank.

C. Congregate Living Facility Reports

The EBT contractor shall provide daily reports that list all benefit transactions initiated by the facility or a cardholder residing in a congregate living arrangement. The daily report shall identify the facility name and card number, the client name, address, State ID number, the amount of the transaction and the transaction type. The report shall also identify all administrative transactions initiated by the State to transfer funds to or from a congregate living facility account. In addition to the daily reports, the following monthly reports shall be provided:

1. Monthly Congregate Living Report shall provide a monthly report of all congregate living activity by business type; and

2. Monthly Congregate Living Report (State Summary) shall provide a State Summary report of all business type/number of active businesses/total food dollar transactions/ total debit amounts/total credit amounts/denied debits/denied credits.

D. Adjustment Audit Transaction Detail Report

The EBT contractor shall provide a daily SNAP Adjustment Transaction Detail Report. This report shall reflect all adjustment transactions to a cardholder's SNAP benefits within each reporting day. An adjustment can be due to system adjustments or fee reversals. This report is broken down by merchant/TPP/network within the State.

E. ACH Activity - Merchant Report

The EBT contractor shall provide a daily SNAP ACH Activity by Merchant Report. This report shall identify all EBT-only merchant deposits for each merchant business day. This report can be used by the SNAP staff to review or research deposit amounts made to each merchant. This report shall reflect the merchant deposits showing financial institution and bank account number.

F. ACH Activity - Merchant Overdrafts Report

The EBT contractor shall provide a daily SNAP ACH Activity, Merchant Overdrafts Report. This report shall list the EBT-only merchants that have an overdraft condition for that business day. (An overdraft occurs when a merchant's return transactions exceed the amount of their sales.) The debit is included in the ACH file and is posted to the merchant's bank account.

G. SNAP ACH Activity – Rejected Retailer ACH Settlement Report

The EBT contractor shall provide a daily ACH Activity, Rejected Retailer Settlement Support. For each unsettled payment returned to the State, the EBT contractor shall provide, at a minimum, the transfer type, total amount, SNAP amount, attempted settlement date(s), retailer/TPP name, FNS retailer number if SNAP funds are involved, and bank account number (including the ABA bank number). Additional data elements may be required when FNS issues written procedures to address unsettled funds.

H. Expungement Report for SNAP

The EBT contractor shall provide a daily Expungement Report. This daily report shall provide the card number, client name, expungement amount, and program code for each expungement. The information is used to produce a detail of expungements at the local and State levels.

I. Card Mailer Report

The EBT contractor shall provide SNAP with a daily report showing when new and replacement cards were issued by the

EBT contractor and the date the cards were delivered to the U. S. Postal Service.

J. SNAP Voucher Activity Report

The EBT contractor shall provide a daily report of all SNAP vouchers processed for the merchant during the business day. The report shall contain at a minimum the merchant name and FNS number, the transaction amount and type, the date and time, the recipient performing the transactions, and whether the merchant is a traditional or non-traditional merchant.

K. SNAP Voucher Tracking Report

The EBT contractor shall provide a weekly report that includes the total SNAP voucher activity and total amounts of voucher activity. The report shall compare the voucher activity for traditional and non-traditional merchants, listing the totals of vouchers closed during the period and the total of open vouchers.

L. Monthly Out-of-State SNAP Activity Report

The EBT contractor shall provide a monthly report of all cardholder transactions occurring outside of Nevada.

M. SNAP Retailer Contract Status Report

During the operations phase, the EBT contractor shall provide a quarterly report that provides information on the status of contracts with SNAP retailers. The EBT contractor shall be required to work with the State to define this report which includes, but is not limited to information on new retailers, new contracts sent, contracts active and contracts expired or closed.

N. EBT-only Retailer Terminal Monthly Utilization Reports

The EBT contractor shall provide a report detailing the number, type and value of transactions performed from each state-provided EBT-only terminal.

O. SNAP Extract Report – FNS

The EBT contractor shall provide monthly reports containing the statistical summary of SNAP activity for reporting to FNS.

Conduent has reviewed and complies with this section's RFP requirements. ***We provide in-depth expertise and knowledge of all federal government requirements, and specifically those established by FNS for SNAP data collection and reporting. Our proposed reporting package includes, but is not limited to, all of the SNAP reports listed by the State in this RFP section. A sample existing report in this category is provided in Exhibit VI-34.***

MONTHLY OUT-OF-STATE ACTIVITY REPORT (RPT013) PAGE: 9

PREPARED FOR: STATE FOR THE PERIOD: 08/01/2017 - 08/31/2017 RUN: FRI, 09/01/2017 3:32 AM

Arlington County,013

CASE NBR	CARD NUMBER	CARDHOLDER NAME	DATE/TIME	CITY	STATE	TRANSACTION TYPE	AMOUNT	RESP CODE
000XXXX	62204XXXXXXXXXXX	XXXXXX KIM	08/01/2017 17:48:28	RIVERDALE	MD	FOOD STAMP PURCHA	158.43	00
000XXXX	62204XXXXXXXXXXX	XXXXXX KIM	08/05/2017 17:04:22	HYATTSVILLE	MD	FOOD STAMP PURCHA	1.80	00
000XXXX	62204XXXXXXXXXXX	XXXXXX KIM	08/16/2017 19:28:47	RIVERDALE	MD	FOOD STAMP PURCHA	143.51	00
000XXXX	62204XXXXXXXXXXX	XXXXXX KIM	08/27/2017 14:19:34	RIVERDALE	MD	FOOD STAMP PURCHA	161.27	00

TOTALS FOR 000XXXX 465.01

TOTALS FOR CARDHOLDER: XXXXXX KIM

MONTH: JAN

TRANSACTION TYPE	# APPROVED	# DENIED	TOTAL COUNT	AMOUNT APPROVED
FOOD STAMP PURCHASE	2	0	2	160.23
TOTAL FOR JAN	2	0	2	160.23

MONTH: FEB

TRANSACTION TYPE	# APPROVED	# DENIED	TOTAL COUNT	AMOUNT APPROVED
FOOD STAMP PURCHASE	1	0	1	143.51
TOTAL FOR FEB	1	0	1	143.51

MONTH: MAR

TRANSACTION TYPE	# APPROVED	# DENIED	TOTAL COUNT	AMOUNT APPROVED
FOOD STAMP PURCHASE	1	0	1	161.27
TOTAL FOR MAR	1	0	1	161.27

085.NVEBTWIC17

Exhibit VI-34. Monthly Out-of-State Activity Report (SNAP Report)

This report lists out-of-state transactions for the selected reporting month and the two previous months.

4.12.2.9 TANF Specific Reports

A. Monthly ATM Transaction Fee Report

The EBT contractor shall provide a monthly summary report of ATM transaction fees charged to recipient accounts. Fees shall include both ATM transaction fees and bank surcharge fees.

B. Expungement Report for TANF

The EBT contractor shall provide a daily Expungement Report. This daily report shall provide the card number, client name, expungement amount, and program code for each expungement. The information is used to produce a detail of expungements at the local and State levels.

C. Restricted Use Report for TANF

The EBT contractor shall provide a monthly Restricted Use Report. This monthly report shall provide the card number, client name, client address, case number, social security number, transaction amount, and location of transaction

Conduent has reviewed and complies with this section's RFP requirements. ***We provide TANF program reporting services in numerous states. For Nevada, at a minimum, we will produce these reports:***

- ***Monthly ATM Transaction Fee Report***
- ***Daily Expungement Report for TANF***
- ***Monthly Restricted Use Report for TANF***

A sample report in this category is provided in Exhibit VI-35.

```
                                MONTHLY TRANSACTION FEE REPORT (RPT018)                          PAGE: 1
PREPARED FOR: STATE             FOR THE PERIOD: 08/01/2017 - 08/31/2017      RUN: FRI,09/01/2017 5:15 AM
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FEE TYPE	COUNT	AMOUNT
CARD REPLACEMENT FEE	686	3,430.00
CARD REPLACEMENT FEE ADJUSTMENT	0	0.00
CARD REPLACEMENT FEE WAIVER	0	0.00
CASH WITHDRAWAL FEE	0	0.00
CASH WITHDRAWAL FEE REVERSAL	0	0.00
ATM CASH WITHDRAWAL FEE	61,536	52,305.60
ATM CASH WITHDRAWAL FEE REVERSAL	325	-276.25
ATM SURCHARGE FEE DEBIT	62,587	137,137.30
ATM SURCHARGE FEE DEBIT REVERSAL	0	0.00
ATM SURCHARGE FEE CREDIT	0	0.00
ATM SURCHARGE FEE CREDIT REVERSAL	411	-855.36
ATM BALANCE INQUIRY FEE	0	0.00
ATM BALANCE INQUIRY FEE REVERSAL	0	0.00
TOTAL FEE AMOUNT: $		191,741.29

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                              ------------- END OF REPORT -------------
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086.NVEBTWIC17

Exhibit VI-35. Monthly Transaction Fee Report (TANF Report)

This report provides a summary of fees charged against the cardholder accounts, as well as transaction surcharges levied against the cardholder by the ATM owner for cash withdrawals.

4.12.2.10 USDA Data Files

The EBT contractor is required to support the data requirements of the Federal government, and specifically FNS, for the Supplemental Nutrition Assistance Program. The four (4) data files described below shall be provided to the Federal government on a periodic basis as defined by FNS. The EBT contractor shall accommodate any changes to these files and/or file formats.

A. AMA File

On a daily basis, the EBT contractor must provide data necessary to support increases/decreases to the State's ASAP account balance at the Federal Reserve Bank, which serves as the Account Management Agent (AMA) for the FNS Supplemental Nutrition Assistance Program EBT benefit account. The AMA will interface with the Treasury Department's Automated Standard Application for Payments (ASAP), and will establish ASAP account funding limits for the State for SNAP EBT activity. The EBT contractor shall interface with the AMA and provide the necessary data. This data must be provided in a formatted file.

B. SNAP Redemption Reporting File – STARS

The EBT contractor shall provide detailed daily SNAP redemption data by retailer identification numbers to STARS, the FNS SNAP redemption database, through the Benefit Redemption Systems Branch (BRSB) in Minneapolis. The data format and requirements of this file are specified by FNS.

C. ALERT File

Starting at the time of implementation, the EBT contractor shall provide transaction data for store transaction history on a daily basis to FNS through the ALERT (Version 2.00) File.

D. REDE File

The EBT Contractor shall be able to accommodate standard FNS Retailer EBT Data Exchange (REDE) file formats and apply REDE files per the FNS schedule. REDE processing includes standard (regularly scheduled) nightly and monthly operations and ad hoc operations. Both types of REDE operations are performed at the Benefit Redemption Systems Branch (BRSB) in Minneapolis, MN. The standard nightly operations are performed Monday through Friday, and create the state and national retailer data update files. The standard monthly operations are performed (on the first Saturday of the calendar month) and create the full state and national retailer data files. The state retailer data update files are used to update the Retailer EBT Data Exchange (REDE) database. Ad hoc operations are performed as requested when a State Agency and/or EBT processor requests a start-up copy of a state or national retailer update file.

1. The EBT Contractor is responsible for ensuring that only authorized SNAP retailers are redeeming SNAP benefits. At least once per week, the Contractor shall transmit information on retailer SNAP redemptions to the FNS Benefit Redemption System Branch (BRSB).

2. The EBT Contractor is responsible for ensuring that the FNS authorization number accompanying the transaction is the authorization number assigned by the REDE system and belongs to the specific location of the store from where the transaction is originating.

3. Utilize REDE file on a daily basis to validate the Authorization number with the transaction and to the originating retailer.

Conduent has reviewed and complies with this section's RFP requirements. ***At present, we provide services for 26 EBT programs as the prime contractor. Our system meets all data requirements for Account Management Agent (AMA), Anti-fraud Locator of EBT Retailer Transactions (ALERT), Store Tracking and Redemption System (STARS), and the Retailer EBT Data Exchange (REDE) systems. This experience is readily transferable to the Nevada SNAP EBT Program.***

- ***AMA.*** ***We provide the required data to support increases and/or decreases to the State's ASAP account balance maintained at the Federal Reserve Bank through our established and approved automated process—EPPIC to the AMA system. Data is transmitted in a formatted file on a daily basis, 365 days a year. We use the FNS required AMA file formats to transmit benefit issuance files and returned benefit data elements, thus ensuring the accuracy of data transmission and processing.***
- ***ALERT.*** ***Starting at system conversion, EPPIC collects all store transaction data, archives the data for historical access, and transmits the daily ALERT File to FNS. We provide all retailer transaction data for each day securely to FNS through the ALERT file according to the required specifications and file formats for the ALERT subsystem. The ALERT file information allows the identification of potential fraud or program misuse related to retailer activity and EBT card abuse. Data provided is analyzed to identify certain trends in retailer and/or cardholder activity.***
- ***STARS.*** ***FNS regulations and procedures require detailed daily SNAP redemption data for integration into STARS. EPPIC already fully accommodates the FNS-required data format and file requirements, and transmits daily retailer SNAP benefit redemption data to STARS for all of the state EBT programs that we serve. We will do the same for Nevada. We send detailed daily SNAP redemption data by the seven-digit retailer identification number to STARS through the BRSB in Minneapolis. The file is sent on a weekly basis but contains data broken down by day. EPPIC updates the file each day and records the data in the STARS-required format. At the end of the week, we transmit the file to FNS for reconciliation. A sample STARS Report is provided as Exhibit VI-36.***
- ***REDE.*** ***We update EPPIC daily (i.e., Mon. – Fri.) with both the national and State FNS REDE file information received from FNS to ensure that the Nevada SNAP EBT Program continues to operate using up to date retailer authorizations, de-authorizations, and changes in status information. In accordance with FNS regulations, we maintain a database on EPPIC of authorization numbers for all FNS-authorized retailers. In addition, we store the REDE file information in our Retailer Assessment Profile System (RAPS2), which we use to track, report on, and guide our retail management activities. During transaction processing (e.g., POS purchases or returns and manual voucher authorizations and clears), the retailer's FNS number that is part of the transaction is matched against the FNS REDE information stored in the EPPIC database to verify that a presently authorized SNAP retailer initiated the transaction.***

FOOD STAMP REDEMPTION REPORT (FNS002) PAGE: 163

PREPARED FOR:STATE FOR: WEDNESDAY 09/27/2017 RUN: THU, 09/28/2017 1:02 AM

PROCESSOR NUMBER	FNS NUMBER	ACTIVITY DATE	WITHDRAWALS COUNT	WITHDRAWALS AMOUNT	REFUNDS COUNT	REFUNDS AMOUNT	REVERSALS COUNT	REVERSALS AMOUNT	VOID LASTS COUNT	VOID LASTS AMOUNT	ADJUSTMENTS COUNT	ADJUSTMENTS AMOUNT	TOTAL NET DUE
		09/27/2017	25	253.12	0	0.00	0	0.00	0	0.00	0	0.00	253.12
		09/27/2017	1	13.32	0	0.00	0	0.00	0	0.00	0	0.00	13.32
		09/27/2017	48	362.69	0	0.00	0	0.00	0	0.00	0	0.00	362.69
		09/27/2017	405	21909.35	3	-11.03	0	0.00	0	0.00	0	0.00	21898.32
		09/27/2017	292	12249.53	0	0.00	0	0.00	0	0.00	0	0.00	12249.53
		09/27/2017	290	11505.39	1	-2.00	1	-12.00	0	0.00	0	0.00	11491.39
		09/27/2017	1	3.49	0	0.00	0	0.00	0	0.00	0	0.00	3.49
		09/27/2017	1	41.95	0	0.00	0	0.00	0	0.00	0	0.00	41.95
		09/27/2017	1	40.25	0	0.00	0	0.00	0	0.00	0	0.00	40.25
		09/27/2017	2	44.16	0	0.00	0	0.00	0	0.00	0	0.00	44.16
		09/27/2017	43	1461.19	0	0.00	0	0.00	0	0.00	0	0.00	1461.19
		09/27/2017	15	62.92	0	0.00	0	0.00	0	0.00	0	0.00	62.92
		09/27/2017	1	20.91	0	0.00	0	0.00	0	0.00	0	0.00	20.91
		09/27/2017	305	10301.94	0	0.00	0	0.00	0	0.00	0	0.00	10301.94
		09/27/2017	38	256.63	2	-5.67	0	0.00	0	0.00	0	0.00	250.96
		09/27/2017	31	183.45	0	0.00	0	0.00	0	0.00	0	0.00	183.45
		09/27/2017	26	360.07	0	0.00	0	0.00	0	0.00	0	0.00	360.07
		09/27/2017	134	6019.72	1	-9.67	0	0.00	0	0.00	0	0.00	6010.05
		09/27/2017	40	436.78	0	0.00	0	0.00	0	0.00	0	0.00	436.78
		09/27/2017	25	167.17	0	0.00	1	-6.60	0	0.00	0	0.00	160.57
		09/27/2017	105	3990.68	0	0.00	0	0.00	0	0.00	0	0.00	3990.68
		09/27/2017	17	156.32	0	0.00	0	0.00	0	0.00	0	0.00	156.32
		09/27/2017	265	10438.26	0	0.00	0	0.00	0	0.00	0	0.00	10438.26
		09/27/2017	42	272.79	0	0.00	0	0.00	0	0.00	0	0.00	272.79
		09/27/2017	1	11.63	0	0.00	0	0.00	0	0.00	0	0.00	11.63
		09/27/2017	1	50.07	0	0.00	0	0.00	0	0.00	0	0.00	50.07
		09/27/2017	18	111.99	0	0.00	0	0.00	0	0.00	0	0.00	111.99
		09/27/2017	4	57.44	0	0.00	0	0.00	0	0.00	0	0.00	57.44
		09/27/2017	1	44.77	0	0.00	0	0.00	0	0.00	0	0.00	44.77
		09/27/2017	47	1009.27	0	0.00	0	0.00	0	0.00	0	0.00	1009.27
		09/27/2017	1	57.46	0	0.00	0	0.00	0	0.00	0	0.00	57.46
		09/27/2017	31	1259.95	0	0.00	0	0.00	0	0.00	0	0.00	1259.95
		09/27/2017	111	4934.49	0	0.00	0	0.00	0	0.00	0	0.00	4934.49
		09/27/2017	36	226.80	0	0.00	0	0.00	0	0.00	0	0.00	226.80
		09/27/2017	51	2368.02	1	-4.79	0	0.00	0	0.00	0	0.00	2363.23
		09/27/2017	38	300.18	0	0.00	0	0.00	0	0.00	0	0.00	300.18
		09/27/2017	1	9.10	0	0.00	0	0.00	0	0.00	0	0.00	9.10
		09/27/2017	1	1.59	0	0.00	0	0.00	0	0.00	0	0.00	1.59
TOTAL FOR:		09/27/2017	164158	5360450.98	465	-4735.37	438	-17292.27	6	-204.92	38	-784.99	5337433.43

087.NVEBTWIC17

Exhibit VI-36. STARS Report

EPPIC fully accommodates the FNS-required file format for the STARS file transmission and is FNS-certified as meeting these requirements.

4.12.3 SNAP/TANF Reports and Data Requirements Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete.

4.12 SNAP/TANF REPORTS AND DATA REQUIREMENTS			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.12.3.1	Electronic Reports	4.12.2.1	10
4.12.3.2	Daily and Monthly Activity Data Files	4.12.2.2	10
4.12.3.3	Standard Reports	4.12.2.3	10
4.12.3.4	Statistical Reports	4.12.2.4	10
4.12.3.5	Data Warehouse	4.12.2.5	10
4.12.3.6	Ad-Hoc Reporting Capability	4.12.2.6	10
4.12.3.7	General Reports	4.12.2.7	10
4.12.3.8	SNAP Specific Reports	4.12.2.8	10
4.12.3.9	TANF Specific Reports	4.12.2.9	10
4.12.3.10	USDA Data Files	4.12.2.10	10

We have reviewed the required deliverables for RFP Section 4.12, SNAP/TANF Reports and Data Requirements, and we will comply as illustrated in Table VI-14.

Table VI-14. SNAP/TANF Reports and Data Requirements Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.12.3.1	Electronic Reports	4.12.2.1	10	✓
4.12.3.2	Daily and Monthly Activity Data Files	4.12.2.2	10	✓
4.12.3.3	Standard Reports	4.12.2.3	10	✓
4.12.3.4	Statistical Reports	4.12.2.4	10	✓
4.12.3.5	Data Warehouse	4.12.2.5	10	✓
4.12.3.6	Ad-Hoc Reporting Capability	4.12.2.6	10	✓
4.12.3.7	General Reports	4.12.2.7	10	✓
4.12.3.8	SNAP Specific Reports	4.12.2.8	10	✓
4.12.3.9	TANF Specific Reports	4.12.2.9	10	✓
4.12.3.10	USDA Data Files	4.12.2.10	10	✓

4.13 PROJECT WIDE ACCOUNT PROCESSING

We address your project wide account processing requirements throughout our response to this RFP section.

4.13.1 Objective

The objective of this task is to ensure the vendor's activities will result in successful project completion.

Bringing Benefits and Meeting Objectives

- ***Our proven EPPIC platform provides easy and seamless account processing for all three of your EBT Programs making administrative tasks for your Nevada program staff easier and more efficient.***
- ***Conduent's accurate and immediate processing of benefit authorization files ensures cardholders have prompt access to correct benefits and State staff has fewer cardholder issues to address.***
- ***The ability to establish, purge, and void pending accounts and expunge benefit accounts based on parameters established by each program allows you to make changes as appropriate. This feature provides authorized staff the ability to be proactive in controlling access to funds.***

Effective and accurate account set-up, maintenance, and benefit authorization is the cornerstone of an EBT system. Our EPPIC platform, the backbone of our EBT Connect and WIC Connect solutions, is designed with advanced, object-oriented design techniques that provide the flexibility needed for all account processing activities for SNAP, TANF, and WIC.

EPPIC's transaction processing engine delivers accurate and immediate processing of inbound account set-up files and posting of benefit authorization files. Our processing protocols synchronize efforts so cardholder data is always correct and current.

Because of our continued success in functionality, capacity, availability, and security management throughout all our other EBT programs. We are confident that EPPIC and our Connect solutions are the best-suited solution to support the citizens of Nevada and meet all your account processing requirements. Please see our response to RFP Section 3.2, Technical Requirements, for more information about EPPIC's capabilities.

4.13.2 Activities

The following activities must be addressed:

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.13, Project Wide Account Processing, and ensures that DHHS' objectives are met. Our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.13.2.1 Benefit Transfers

If requested by Program staff, the EBT contractor shall provide Program staff with administrative functionality to transfer benefits from one EBT account to another EBT account. In the debited account, the system shall post a debit memo to identify the EBT account to which the benefits have been transferred. In the credited account, the system shall post a credit memo identifying the EBT account from which the credit was transferred. Benefit transfers are non-settling transactions. Access to this functionality will be limited to designated State staff.

Conduent has reviewed and complies with this section's RFP requirements. *Nevada program staff* ***have the capability to transfer benefits from one EBT account to another EBT account through the Administrative Terminal adjustment screen that provides the ability to log credit and debit memos with reasons associated with the adjustment.***

This transaction is a secure and privileged function, invoking the highest security level within the system, and is only performed by designated program staffs that are given access to adjustment capabilities by Nevada security personnel.

WIC EBT Program Variances for Benefit Transfers

Unlike benefit transfers in the SNAP or TANF program, the WIC EBT Program benefits are assigned at the participant level but the account is at the household level. If one participant leaves the household, the void may be a portion of the benefits held in the household account. The movement of WIC benefits is accomplished through transactions sent from the WIC Program. These modifications are performed using a void and reissue process. We will work with you during the joint application design (JAD) sessions to determine the solution that best meets the needs of the WIC EBT Program.

4.13.2.2 Pending Account Status

The EBT account will have no benefit value until WIC, SNAP or TANF Program staff sends a benefit authorization/food benefit issuance record and the EBT contractor processes and posts the benefits to the account. An EBT account that has been created but to which no benefits have been posted will be held in a pending status.

Conduent has reviewed and complies with this section's RFP requirements. ***An EBT account has no benefit value until WIC, SNAP, or TANF program staff sends EPPIC a benefit authorization/food benefit issuance record and EPPIC processes and posts the benefits to the appropriate account. Upon receipt of a benefit authorization record, EPPIC posts the benefit to the account immediately and uses the benefit availability date in the record to determine the date the benefit becomes available to the cardholder. Once the date is reached, the benefits are available to the cardholders at the benefit availability time established in EPPIC—typically 12:01 a.m. local time. EBT accounts that have been created but do not have benefits posted are maintained in a pending status with no benefit value.***

4.13.2.3 Establishing Benefits

A. Benefit amounts for which the client is eligible will be authorized by a benefit authorization file or record, transmitted from the Program's account by the eligibility system to the EBT contractor's host system. Fund transfers are initiated by the EBT contractor subsequent to benefit access by cardholders. For audit and control purposes, the EBT contractor shall be required to track Program benefit transactions and balances by Program benefit type. The balance available to cardholders for purchases or balance inquiries shall be the sum of all Federal and State Program benefits in the appropriate account.

B. For established cases, the eligibility system generates benefit authorization batch files once per month, assuming the participant remains eligible.

C. Cash benefits are administered by State agencies and may be either day-of-draw or prefunded. Day-of-draw benefits credited to the cash account represent credit balances only. The EBT contractor initiates fund transfers subsequent to benefit access by clients. Prefunded benefits are funded at the time benefits are authorized. The EBT contractor shall be required to maintain an interest bearing bank account to hold and maintain prefunded benefits. Prefunded benefits are subject to Regulation E compliance. The EBT contractor will retain interest earned on prefunded benefit accounts to offset the cost of maintaining the account and Regulation E. The EBT contractor shall be liable for all funds deposited into prefunded benefit accounts.

D. The EBT contractor shall maintain a pooled cash account for each eligible family or person. Both day-of-draw cash **and prefunded cash benefits** are posted to the pooled cash account. For audit and control purposes, the EBT contractor shall be required to track cash benefit transactions and balances by benefit type and must ensure that cash benefits are not commingled with SNAP benefits.

Conduent has reviewed and complies with this section's RFP requirements. ***EBT Program accounts are established using EPPIC's multi-tiered account structure and each program's data is stored, maintained, tracked, and reported based on the program type (SNAP, TANF, or WIC) and their distinct policies and features including amounts posted and debits drawn on an individual transaction level basis. EPPIC maintains strict controls to confirm that all data is properly linked to the appropriate program account number, using a unique program designator transmitted to EPPIC from each EBT Programs' system. We work closely with you to ensure that we properly manage each EBT Program account structure. We acknowledge that for established cases, the eligibility system generates benefit authorization files once per month. We track cash benefits and balances by benefit type and make certain that cash benefits are not comingled with SNAP (or WIC) benefits.***

4.13.2.4 Open and Closed Accounts

EBT accounts shall remain open unless the Program staff directs the EBT contractor to close an account.

Conduent has reviewed and complies with this section's RFP requirements. ***EBT accounts remain open unless the program staff directs us to close an account. EPPIC provides audit data of each change and transaction occurring in the system and makes that information available to the staff if there are any questions regarding the origin of an account closure.***

4.13.2.5 Pending Account Purge

Program staff issue pending cards, sets-up pending account demographics or pending benefits for individuals whose accounts have not yet been established. In some instances, these individuals will not be certified.

The EBT contractor shall be required to provide the administrative capability to search for pending cards, demographics or benefits and shall be required to provide periodic reports on pending cards, demographics or benefits. In addition, the EBT contractor shall periodically automatically purge pending cards, demographics or benefits dependent upon parameters specified by the Programs. The EBT contractor shall also provide Program staff with the administrative capability to purge accounts and benefits or deactivate a card.

Conduent has reviewed and complies with this section's RFP requirements. ***EPPIC supports the ability to issue over-the-counter (OTC) "pending" cards, accounts, or pending benefits prior to transmitting the required demographic information to Conduent to establish an account. Our Administrative Terminal allows authorized staff to search for pending cards and accounts, demographics, or benefits. We also provide reports on pending accounts. Authorized staff can purge these accounts and benefits or deactivate a card. EPPIC also can purge the pending accounts at a set number of days by running a daily process that detects the date the pending account was created, confirms that the account has not been linked to a standard account, and changing the pending account to deleted status.***

4.13.2.6 Pending Benefit Void

The EBT contractor shall provide Programs with the capability to purge pending benefits that have been authorized but have not yet reached their benefit availability date. The Program staff will submit a benefit detail record(s) for processing that deletes the same record that is held in the pending benefit file. The EBT contractor shall

accept the file, identified by an action code, for processing and submit a return file that confirms that the action was completed.

Conduent has reviewed and complies with this section's RFP requirements. ***We provide the capability to purge or void pending benefits that have been authorized but have not yet reached their availability dates. Upon receipt of a benefit detail record that deletes a pending benefit record or WIC household account, EPPIC immediately deletes the benefit. When received and all applicable edits are passed, the benefit is cancelled and no longer available when the availability date is reached. Although the benefit is cancelled, the action is recorded in EPPIC for audit purposes. EPPIC only allows the purging of benefits if the benefit availability date has not been reached. Once the benefit availability date has been reached, a purge of the benefit is no longer permitted.***

Authorized Administrative Terminal users receive immediate confirmation of the benefit cancellation through an on-screen confirmation message and, for the batch process, EPPIC prepares a Batch Processing Summary Report to communicate receipt of each valid file (case/cardholder maintenance, benefit authorization) received. The report identifies any records that could not be processed by EPPIC along with a summary of completed transactions and transmits this information back to the relevant agency.

WIC EBT Program Variances for Pending Benefit Void

Pending benefit voids also can be done for WIC from the WIC MIS using web services that provides immediate confirmation of the action.

4.13.2.7 Authorized Representatives and Alternate Cardholders

SNAP or TANF may provide clients with the option of selecting one or more authorized representatives or alternate cardholders, depending on program requirements. A client can restrict the authorized representative and/or alternate cardholder's access to either their benefit account and may designate a different authorized representative and/or alternate cardholder. The EBT contractor shall provide a card for the authorized representative and/or alternate cardholder that has a unique card number and PIN. The client shall have the option to cancel or change their authorized representative and/or alternate cardholder. At SNAP or TANF staff's option, a client's ability to perform this function may be restricted. WIC Programs allow for proxies; however, the proxy is not issued a separate card. Access to benefits on the card is controlled by the HOH providing the PIN as they so choose.

Conduent has reviewed and complies with this section's RFP requirements. ***With Conduent operating the Nevada EBT Programs, SNAP and TANF cardholders are offered the option of selecting one or more authorized representatives or alternate cardholders to receive an EBT card for use in accessing their benefits. Authorized representatives and alternate cardholders have their own unique records in the database and are assigned a unique identifier that is associated with the primary cardholder account in EPPIC. Authorized representatives are issued cards with a unique primary account number (PAN) and select their own PINs that allow access to the primary cardholder's food and/or cash benefits. EBT primary account holders have the ability of restricting access of authorized representatives and alternate cardholders to either their SNAP or TANF benefits, and may designate different authorized representatives and alternate cardholders for SNAP and cash benefits. The account holder may cancel or change their authorized representative or alternative at any time. At the SNAP or TANF staff's option, the ability of a cardholder to perform this function may be restricted.***

WIC EBT Program Variances for Authorized Representatives and Alternative Cardholders

Unlike the SNAP and TANF EBT Programs, WIC allows proxies to access the primary account holder's account through a single household card but does not allow additional cards to be issued. Access to benefits is controlled by the head-of-household (HOH), providing the PIN as they so choose.

4.13.2.8 Assign Protective Payees

For some SNAP or TANF clients, the Programs' staff may assign a protective payee. The protective payee, rather than the client, will have access to client benefits and shall be provided a unique identifier. The EBT contractor shall provide a card for the protective payee that has a unique card number and PIN. In some instances, SNAP or TANF staff may require that a single protective payee have access to multiple client accounts. The client shall not have the capability of canceling or changing the protective payee. Only the State or the designated protective payee shall have the option of canceling or changing a protective payee's access to the EBT account. WIC does not assign a protective payee.

Conduent has reviewed and complies with this section's RFP requirements. We recognize that some SNAP or TANF clients may require a protective payee, assigned by authorized staff, to access and use their benefits. Like authorized representatives and alternate cardholders, a protective payee is issued a unique card, PIN, and identifier to allow access to the benefits of a specific EBT account. For accounts that have a protective payee assigned, EPPIC issues the card only to the protective payee and not to the recipient. As with authorized alternate cardholders, EPPIC provides the capability to track and monitor the withdrawals made from the account balance by the protective payee and report on the appropriate disbursement information.

To meet the requirements of a protective payee having access to multiple EBT accounts, EPPIC invokes higher levels of security. A separate card and PIN are issued to the protective payee for each EBT account to which they are assigned custody. Protective payee changes may only be made by your staff or by the protective payee. Recipients are not afforded the opportunity to cancel or change a protective payee's access to their EBT account.

WIC EBT Program Variances for Protective Payees

WIC does not assign protective payees.

4.13.2.9 Create Fraud Investigative Accounts

A. The EBT contractor shall provide the capability to create and maintain EBT accounts and issue EBT cards for use in fraud investigations. Fraud investigative accounts and benefit authorizations may be set up through the batch or administrative terminal interface or with WIC using the MIS to create a HOH record, card and benefits issuance, to the EBT contractor's EBT system and should have unique identifiers. Program staff, if desired, should have the ability to create an identifier that is readily distinguishable from normal case identifiers or numbers. Fraud investigative accounts will only contain a primary client. Report shall be available to track redemptions made with Fraud Investigative account.

B. For SNAP EBT, USDA staff will require administrative access for designated FNS Field and Regional offices, the FNS Compliance Office, and the OIG investigative office.

Conduent has reviewed and complies with this section's RFP requirements. ***We create and maintain EBT accounts and issue EBT cards for fraud investigative accounts that meet all RFP requirements. We have a long history of cooperation with USDA FNS and authorized state investigative agencies, e.g., local law enforcement agencies and district attorneys, regarding retailer investigations. To support federal and State fraud investigators, we provide the capability to establish accounts and post SNAP, TANF, and WIC benefits to the accounts for the purpose of fraud investigation. We provide training and materials on using these accounts and administrative access to FNS field and regional offices, the FNS Compliance Office, and the OIG Investigative office for SNAP EBT purposes.***

4.13.2.10 Demographic Change Updates

EBT Programs desire the option to exchange demographic changes via batch file interface. The EBT contractor must provide an acknowledgment which will be returned after a file is received and processed.

Conduent has reviewed and complies with this section's RFP requirements. *At your option, we* ***can accept demographic changes and account updates through a batch file interface. EPPIC makes no changes or updates to account demographic information until a properly prepared demographic change record is received from the specific EBT Program. We provide an acknowledgment file to the appropriate EBT Program after the file is received and processed.***

4.13.2.11 File Transmission Failure

In the event of a transmission failure between the EBT contractor, WIC MIS host and ACH, the Programs shall be notified within two (2) business hours using a formalized notification process. When file transmission failure occurs, the Program shall be notified in two (2) business hours.

Conduent has reviewed and complies with this section's RFP requirements. ***Using the Everbridge Mass Notification tool we notify the appropriate Nevada and Conduent staff and others about system issues or outages within two hours should there be a transmission failure. Please see our response to RFP Section 4.9, Project Wide Disaster Recovery and Support, for more information about Everbridge.***

4.13.2.12 User Security Profiles

The EBT contractor shall provide security for administrative access whereby Program system user profiles are established based upon the specific administrative functions the user requires to perform his/her respective job. Each administrative user, as he/she is granted access, shall be assigned a specific user profile based upon the requirements for his/her job. The Project Management Team will define the user profiles with the assistance of the EBT contractor. The number of required Program user profiles shall be parameter driven and will be specified by the Project Management Team and Program Managers. A significant number of security roles will be established to allow correct system access to multiple roles. Program Security personnel shall have the capability to set up newly

authorized Program employees, change user passwords, manage user profiles and modify the card set-up for the card issuance system.

Conduent has reviewed and complies with this section's RFP requirements. ***EPPIC uses a multi-level security structure that consists of access types and roles that determine a highly specific security level for each user. These multi-level access controls ensure that only authorized individuals can process administrative transactions or access cardholder account information through the Administrative Terminal. All Administrative Terminal access to EPPIC is user ID and password controlled. Additionally, user profiles provide multi-level access controls to all functionality once the user is logged on, thus ensuring only authorized individuals can process administrative transactions or access cardholder account information through the Administrative Terminal.***

With this structure, even slight security differences between users' job functions can be assigned and enforced. Exhibit VI-37 shows our Group Management screen that allows you to specify the basic access privileges for general user types. Exhibit VI-38, shows the sample designated roles that enable security personnel to assign highly specific access privileges and Exhibit VI-39 shows the User Management screen that allows security personnel to assign a specified user to types and roles. Users inherit privileges from the roles and types to which the user is assigned. User name, logon ID, and initial password are all assigned through this screen. Existing users can be searched by name to determine the pre-existing security levels and to change or remove them.

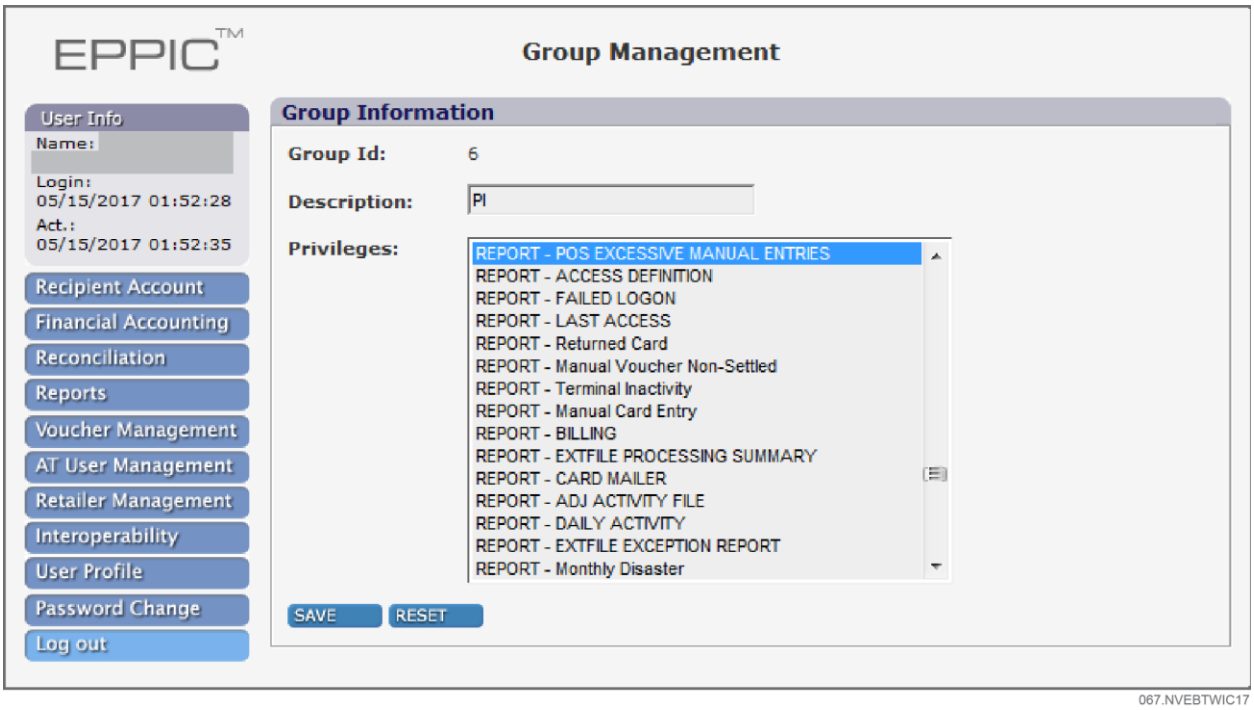

Exhibit VI-37. Group Management Screen

Security officers can easily select user functions for user types on this screen.

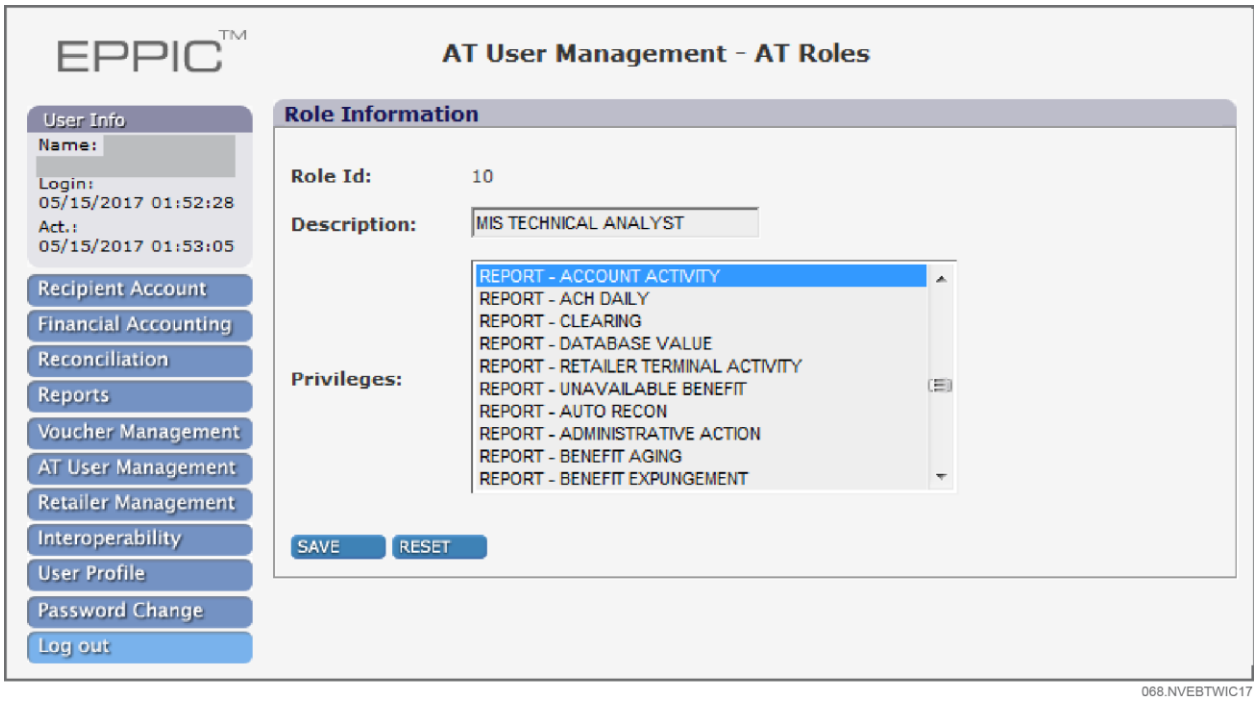

Exhibit VI-38. Role Information Screen

Security personnel can create a wide variety of designated role types for highly specific access privileges.

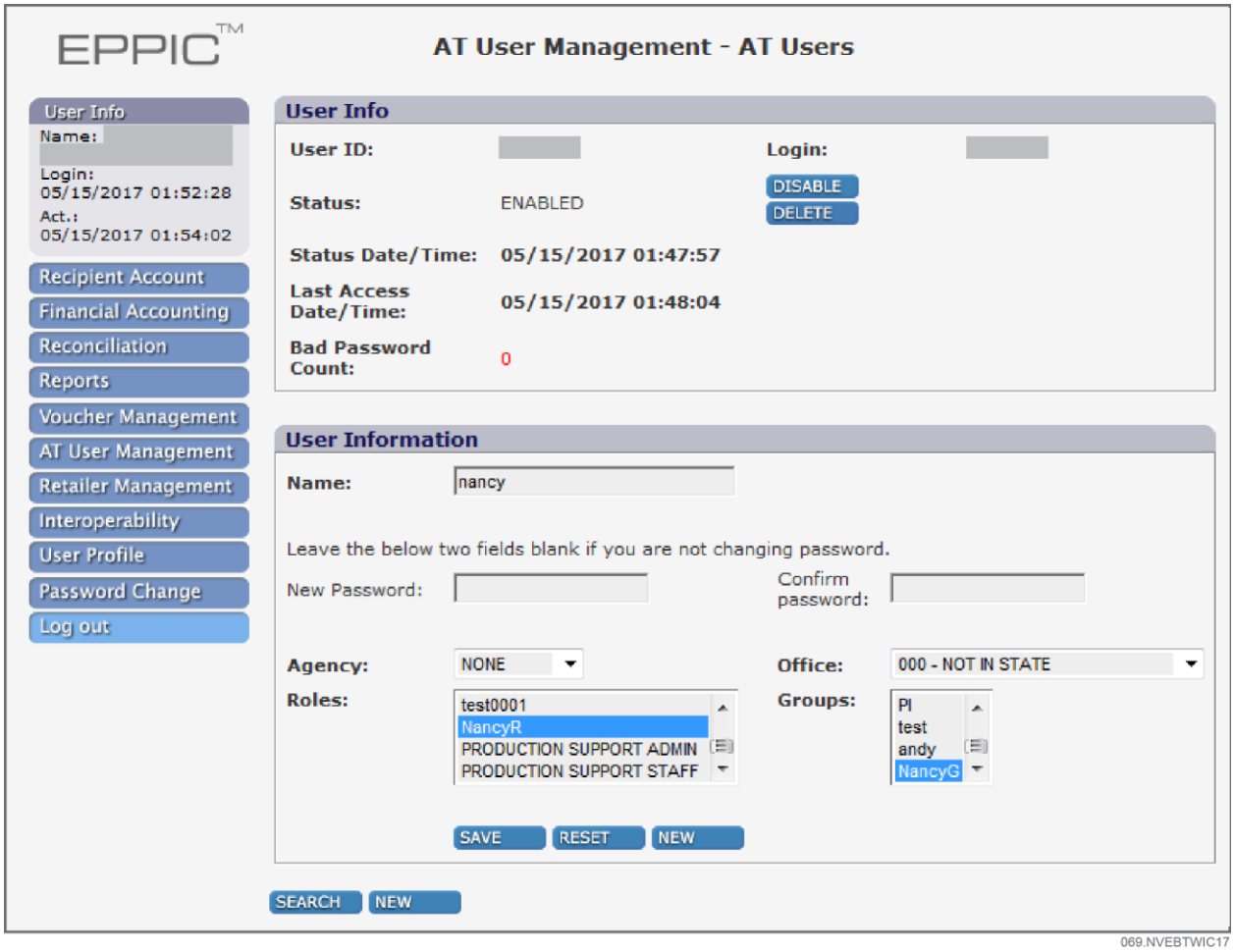

Exhibit VI-39. User Security Management Screen

Security personnel can easily add, update, or remove user Administrative Terminal permissions.

4.13.2.13 Back-up and Contingency Requirements

The EBT contractor shall provide for backup procedures to ensure the continuation of operations in the event of a disruption in operations. Backup procedures will allow benefit access when the EBT contractor's computer, system terminals, EBT gateway, or communications are not operational. Backup procedures shall include manual transaction processing for each Program. The EBT contractor shall also provide contingency plans for benefit issuance in the event of catastrophic disruption of benefit delivery services.

The Program staff will work with the EBT contractor to utilize the EBT contractor's existing design for providing disaster services to the extent possible. However, the EBT contractor will be required to meet the back-up and contingency requirements of the Project Management Team. (See ***Section 4.9.3 ~ Disaster Recovery and Support***.)

Conduent has reviewed and complies with this section's RFP requirements. ***We meet all back-up and contingency requirements to ensure the continuation of operations including providing access to benefits for cardholders. Please see our response to RFP Section 4.9, Project Wide Disaster Recovery and Support, for more information about back-up and contingency procedures.***

4.13.2.14 Inspections, Audits, and Investigations

The Program staff and USDA-FNS shall have the right to inspect, review, investigate, or audit all parts of the EBT contractor's or any subcontractor's facilities engaged in performing EBT services. In such capacity, the Program staff, or their representative(s), shall have access to facilities, records, reports, personnel and other appropriate aspects of the EBT system.

Conduent has reviewed and complies with this section's RFP requirements. ***We acknowledge and confirm that program staff and USDA FNS have the right to perform inspections, reviews, investigations, and audits of all parts of our facilities or those of our subcontractors engaged in performing EBT services regarding the performance of your EBT Programs. We pledge to cooperate fully with you and USDA FNS.***

Upon reasonable notice, we make facilities, and any subcontractor facilities, available to the State, FNS, or their authorized representatives during normal business hours and provide access to all applicable documents, records, reports, personnel, and other appropriate aspects of our system for the term of the contract. These financial records and any other books, records, and documents pertaining to the contract are available for inspection and audit.

4.13.2.15 Incident Reporting

The EBT contractor shall notify the Project Management Team of any instances of non-compliance promptly upon their discovery, but within a period of no more than five (5) business days. Notification shall include a description of the non-compliance and corrective action planned and/or taken.

Conduent has reviewed and complies with this section's RFP requirements. ***We maintain a documented problem escalation and resolution process that allows us to identify operational, security, and non-compliance issues and address them quickly and systematically.***

We report to the Project Management Team any instance of non-compliance immediately upon discovery and certainly no later than five business days after discovery. Upon discovery of non-compliance our project manager will verbally contact your Project Management Team. A subsequent report will be presented which includes a description of the non-compliance, specific areas impacted, and corrective actions planned or taken.

4.13.2.16 SNAP Account Adjustments

A. If the SNAP staff so directs, the EBT contractor shall make adjustments to a client's account. These adjustments are non-settling adjustments (e.g., money is not moved) that only impact the liability maintained on the EBT system. The EBT contractor must be able to accept and process these adjustment transactions initiated by the Nevada SNAP staff through the administrative terminal application (online, real-time) without impacting the daily settlement. These account adjustments are included in the 'Return Other' field of the daily AMA.

B. The second type is adjustments that may be initiated by the EBT contractor to resolve system errors and out-of-balances. Adjustments made by the EBT contractor must be in compliance with the Federal regulations. Adjustments to correct system errors may result in debits (adverse action) or credits to cardholder accounts and will impact the daily settlement. Retailer initiated adjustments must be acted upon no later than 10 business days from the original date of error. The time apportionment is allotted as six (6) business days for the retailer/acquirer and four (4) business days for the EBT contractor to report, approve and/or deny and process a correction request.

C. After investigation of system error incidents, adjustments that result in a credit to a cardholder account may be conducted by the EBT contractor without prior notice to SNAP or the cardholder. The EBT contractor's system must support an automated credit solution for EBT system, Third Party Processor or retailer-initiated adjustments that result in a credit to the client account.

D. The EBT contractor shall be required to conduct an investigation and to provide the Program staff with 15 calendar of days of advance notice, via the report specified below, prior to posting a debit transaction (adverse action) to a cardholder account to correct a system error. Nevada does not allow 'holds' may be placed on funds in a cardholder account for system errors. To support debit adjustment notification and fair hearing processes, the EBT contractor shall be required to send a daily file to the Program with sufficient data to support the debit adjustment transaction that will be posted to the cardholder account. This data includes the following:

1. Date of error;
2. Retailer name and store location;
3. Retailer FNS authorization number;
4. Date of claim and claim number;
5. Type of transaction;
6. Sequence of transaction;
7. Full amount of claim;
8. Card number;
9. Cardholder name and address;
10. Cardholder State ID or case number; and
11. County or local office code number.

E. For tracking purposes, a transaction code should be established to designate debit adjustments in the daily activity file or, alternatively, a stand-alone electronic file for adjustments could be provided. The EBT contractor shall be required to work with the SNAP staff to develop appropriate adjustment system solutions and procedures.

Conduent has reviewed and complies with this section's RFP requirements. ***Conduent's adjustment process integrates all paper trails required by FNS adjustment regulations, bank auditing standards, and validation instruments for the recording of action steps performed. All SNAP adjustment activity is performed promptly and in accordance with SNAP Regulations 7 CFR 274.2 (g) (2).***

Upon receipt of notification by the SNAP staff, Conduent makes non-settling adjustments to a client's account that are completed online, in real time, and initiated through the Administrative Terminal application and do not impact the daily settlement. SNAP adjustments are included in the "Return Other" field of the daily AMA.

Although rare, there may be times that an adjustment to a cardholder or retailer account needs to occur due to system errors that result in improper debits or credits to an account, resulting in out-of-balance situations that impact the daily settlement. We process these claims and ensure that the affected parties get their issues resolved and that the system balances.

Retailer-initiated adjustments are acted upon no later than 10 business days from the original date of the error. The timeframe allotted to the retailer/acquirer is six business days and four business days for Conduent to report, approve or deny, and process a correction request.

Upon receipt of a final credit adjustment transaction in the cardholder's favor, we post the transaction to the cardholder account immediately, without prior notice to the State or the cardholder. We support an automated solution for our EBT system, TPP, or retailer initiated adjustments that result in a credit to the client account.

Conduent investigates and provides the State with 15-calendar-days advance notice, through a report containing all required data, before posting a debit transaction (adverse action) to a cardholder account to correct a system error. We acknowledge that Nevada does not allow holds to be place on funds in a cardholder account for system errors. To support the debit adjustment notification and fair hearing process, we will send a daily file to the program with sufficient data to support the debit adjustment transaction to be posted to the cardholder account.

WIC EBT Program Variances for Account Adjustments

All WIC adjustment activity is performed in accordance with the WIC EBT Operating Rules, Section 14. Adjustments to WIC accounts are sent by a real-time message from the WIC MIS (WIC benefits have a 30-day period of availability). Adjustments to or from a WIC account are not permitted after the benefits have expired.

4.13.2.17 Manage Aging Accounts

A. A client's EBT account shall be flagged and reported to the Program staff if there has been no debit transaction posted against the account or a 90-day period, although there may be a balance in the account and benefits may have been deposited into the account within that same time-frame. SNAP benefits not accessed by a household for 12 months (365 days from date of initial availability) shall be expunged. TANF benefits not accessed by a household for 180 days shall be expunged.

B. Any non-financial transactions by the client, such as balance inquiries, do not affect the aging of the account.

C. On a daily basis, the EBT contractor shall send SNAP staff an extract file of all benefits falling into the aging periods as specified by the SNAP agency. SNAP requires a minimum of four (4) aging flags or periods for each client's SNAP account and three (3) aging flags or periods for each client's cash account. The file will include a header record, a detail record for each benefit being reported on, and a

trailer record. The detail record shall contain sufficient data, as determined by the SNAP staff, to identify the client, benefit type, aging period and the balance being aged.

Conduent has reviewed and complies with this section's RFP requirements. ***EPPIC maintains an account status for each EBT account and provides extract files to each of the three EBT Programs, each day that identify various periods of inactivity for their cardholder population. The rules for benefit aging are configurable within EPPIC and allow you to dynamically change the parameters whenever needed. EPPIC's processing rules apply only to account withdrawal activities and are not influenced by other online non-financial transactions, such as balance inquiries or benefit deposits.***

4.13.2.18 Expungements

The system flags to expunge benefit accounts shall be parameter driven. The EBT contractor shall ensure that all EBT accounts meeting the Nevada specified expungement rules are expunged in the timeframes specified and funds are applied to any outstanding debts owed to the state (these are program specific). The EBT contractor shall be required to produce an Expungement Report. Refer to ***Appendix G: Project Reports.***

Conduent has reviewed and complies with this section's RFP requirements. ***All benefit aging flags for inactivity and expungement are parameter driven and may be selected according to the needs of each EBT Program.***

EPPIC expunges all benefits according to the State's expungement rules and in accordance with the timeframes established specifically by Nevada and applied to any outstanding debts owed to State (program specific). As required, we produce a daily Expungement Report as noted in our response to RFP Section 4.12, SNAP/TANF Reporting and Data Requirements.

4.13.3 Project Wide Account Processing Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete. These deliverables are those which will be needed by all three (3) programs included in this contract.

4.13 PROJECT WIDE ACCOUNT PROCESSING			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.13.3.1	Benefit Transfers	4.13.2.1	10
4.13.3.2	Pending Account Status	4.13.2.2	10
4.13.3.3	Establishing Benefits	4.13.2.3	10
4.13.3.4	Open and Closed Accounts	5.13.2.4	10
4.13.3.5	Pending Account Purge	4.13.2.5	10
4.13.3.6	Pending Benefit Void	4.13.2.6	10

4.13 PROJECT WIDE ACCOUNT PROCESSING			
4.13.3.7	Authorized Representative and Alternate Cardholders	4.13.2.7	10
4.13.3.8	Assign Protective Payees	4.13.2.8	10
4.13.3.9	Create Fraud Investigative Accounts	4.13.2.9	**~~10~~ N/A**
4.13.3.10	Demographic Change Updates	4.13.2.10	10
4.13.3.11	File Transmission Failure	4.13.2.11	10
4.13.3.12	User Security Profiles	4.13.2.12	10
4.13.3.13	Back-up and Contingency Requirements	4.13.2.13	10
4.13.3.14	Inspections, Audits and Investigations	4.13.2.14	10
4.13.3.15	Incident Reporting	4.13.2.15	10
4.13.3.16	SNAP Account Adjustments	4.13.2.16	10
4.13.3.17	Manage Aging Accounts	4.13.2.17	10
4.13.3.18	Expungements	4.13.2.18	10

We have reviewed the required deliverables for RFP Section 4.13, Project Wide Account Processing, and we will comply as illustrated in Table VI-15.

Table VI-15. Project Wide Account Processing Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.13.3.1	*Benefit Transfers*	*4.13.2.1*	*10*	✓
4.13.3.2	*Pending Account Status*	*4.13.2.2*	*10*	✓
4.13.3.3	*Establishing Benefits*	*4.13.2.3*	*10*	✓
4.13.3.4	*Open and Closed Accounts*	*4.13.2.4*	*10*	✓
4.13.3.5	*Pending Account Purge*	*4.13.2.5*	*10*	✓
4.13.3.6	*Pending Benefit Void*	*4.13.2.6*	*10*	✓
4.13.3.7	*Authorized Representative and Alternate Cardholders*	*4.13.2.7*	*10*	✓
4.13.3.8	*Assign Protective Payees*	*4.13.2.8*	*10*	✓
4.13.3.9	*Create Fraud Investigative Accounts*	*4.13.2.9*	*N/A*	✓
4.13.3.10	*Demographic Change Updates*	*4.13.2.10*	*10*	✓
4.13.3.11	*File Transmission Failure*	*4.13.2.11*	*10*	✓
4.13.3.12	*User Security Profiles*	*4.13.2.12*	*10*	✓
4.13.3.13	*Back-up and Contingency Requirements*	*4.13.2.13*	*10*	✓
4.13.3.14	*Inspections, Audits and Investigations*	*4.13.2.14*	*10*	✓
4.13.3.15	*Incident Reporting*	*4.13.2.15*	*10*	✓
4.13.3.16	*SNAP Account Adjustments*	*4.13.2.16*	*10*	✓
4.13.3.17	*Manage Aging Accounts*	*4.13.2.17*	*10*	✓
4.13.3.18	*Expungements*	*4.13.2.18*	*10*	✓

4.14 NEVADA WIC PROGRAMS SPECIFIC SCOPE OF WORK

We agree with the State's effort to keep responses to the Nevada WIC Programs specific scope of work requirements brief and concise, including the "Activities" section of this WIC-specific RFP section. Furthermore, we, along with the State, recognize that there are many similarities between SNAP, TANF, and WIC and we also see great benefit to requiring bidders to address all three programs for RFP response sections.

For this WIC-specific section, we demonstrate how our activities and deliverables meet the requirements for the WIC EBT Programs, and ensure that your objectives are met. However, to keep within the spirit of the RFP regarding brevity, while abiding by the limit of five pages per task (i.e., 4.4.1; 4.4.2) as clarified in Question #2 of Amendment 2 and not including appendices, samples and/or exhibits, we have approached this section differently than we have in previous sections:

- ***We first provide a high-level approach of how we'll meet the Scope of Work requirements specific for your WIC EBT Programs***
- ***We then provide a cross reference table that maps the WIC-specific RFP requirement to similar requirements in the RFP***
- ***We follow by confirming our compliance with each subsection of the WIC-specific RFP requirements***
- ***And conclude with our compliance with WIC-specific deliverables***

This approach supports the State's intentions on keeping responses related to all three programs, supports the State's request for brevity, and demonstrates our compliance with Nevada's WIC-specific requirements.

4.14.1 Objective

The EBT contractor will be expected to provide a WIC EBT system for both the Nevada and ITCN WIC Programs. The EBT contractor shall design all functionality needed to deliver EBT services and will be required to implement an EBT system to the Nevada WIC and ITCN WIC Programs that meets or exceeds the current EBT system. The EBT system functionality and services will be the same for both WIC Programs, however separate reporting, financial management and billing for services are needed. Possible EBT Functionality for the WIC Programs include WIC Farmers Market and SEBTC as defined below.

The system must conform to the MPSC interface and food benefit issuance protocol.

Bringing Benefits and Meeting Objectives

- ***Our WIC Connect solution on our Electronic Payment Processing and Information Control (EPPIC) platform meets the highest standards and has been selected for use by 10 WIC EBT programs, providing you assurance that your program will operate successfully now and in years to come.***
- ***You are assured of excellent performance and responsiveness as our WIC Connect and EPPIC meet or exceed all your program requirements and performance standards.***
- ***EPPIC directly receives stand-beside vendor transactions which means that you, vendors, and cardholders benefit from faster and more reliable processing; ensuring that cardholders can access benefits when needed.***
- ***Our cloud-based IVR system and customer service centers ensure continuous 24/7/365 service even during disasters, ensuring that vendors, cardholders, and program staff have access to assistance whenever needed.***
- ***We provide a complete suite of reports readily accessible by program staff making program monitoring and tracking performance a simple task.***

Our innovative WIC EBT system, WIC Connect, meets the highest federal, state, and industry standards. We have the program and staff experience and qualifications to effectively deliver all the required activities of your Nevada WIC Programs Scope of Work. As we have shown in the 10 WIC EBT programs we operate, we have met all required activities on time and on target. Notably, we are the first contractor to deliver a statewide online WIC EBT program (i.e., Michigan), and have built upon that success by continually improving our system and services.

Success Story: At-A-Glance

Client: Oklahoma Department of Health

Focus: Innovation of the Year

The Women, Infants and Children (WIC) Program for the Oklahoma Department of Health was recently recognized as one of the 2016 winners of the StateScoop 50 Awards receiving the Innovation of the Year award.

Please see our response to RFP Section 5.1.10 for full details.

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We are experienced in all aspects of WIC EBT program operations including vendor enablement and management, account setup and maintenance, card production and delivery, system interfaces, testing, UPC/PLU and APL procedures and management, benefit issuance and maintenance, transaction processing, customer services, security, training, reporting, and Summer EBT for Children (SEBTC) and farmers' market operations. You and your program participants benefit not only from our experience and expertise, but from our commitment to the continued success of your two WIC EBT Programs (State and ITCN). We are confident in our ability to meet all your program requirements.

Our WIC Connect solution runs on our EPPIC platform—a proven, stable processing platform designed specifically to navigate the nuances of government benefits, including WIC EBT. Please see our response to RFP Section 3.2, Technical Requirements, for more information about EPPIC's extensive capabilities.

With multiple implementations and conversions over the last 20 years providing support for at risk women, children, and families through our array of electronic payment solutions, we are the ideal choice to help you transition and successfully operate the Nevada WIC EBT Program.

EPPIC and WIC Connect Key Features and Benefits

Since EPPIC was specifically designed for high-volume WIC EBT, EBT, and related electronic card-based transaction processing, it incorporates many of the unique requirements of these programs that remain difficult for some contractors to deliver without implementing costly coding changes. In the years since EPPIC was introduced, such contractors have modified their technology. However, once their development process begins and the layers are peeled away, it is soon discovered that all they offer is the same outdated and cumbersome transaction processing systems.

Advanced technology is only of value if it provides measurable benefits. By choosing Conduent and WIC Connect with the powerful and versatile EPPIC at its foundation, you and your program participants gain a wide array of valuable features and benefits including:

- ***Direct Receipt of WIC EBT Stand-beside POS Transactions without the Use of a Switch or Gateway. EPPIC directly receives and processes transactions from WIC stand-beside terminals. Nevada WIC and ITCN WIC Program staff, WIC cardholders, and WIC vendors all benefit from the resulting quicker response time and more reliable transaction processing. Fewer links translate into lower risk of downtime situations or communications failures, thus ensuring that your cardholders can access WIC EBT benefits when needed and WIC vendors can serve their customers more efficiently.***
- ***Recipient Account Processing. EPPIC allows for the immediate processing of all your files or online records. Participants can redeem their benefits at 12:01 a.m. on their availability date. This also expedites the availability of one-time issuances. Additionally, all information is logged in the database for reporting or audit purposes, allowing you or authorized federal agencies to access all information quickly, either through online Administrative Terminal queries, standard report generation, or ad hoc reporting.***

- ***Reconciliation.*** ***Our solution does not use suspense accounting nor has any in-flight transactions, a difference that results in a more reliable and accurate reconciliation process. Our settlement data is reconciled immediately at the end of each day and is always in balance. You will not have to be concerned about WIC EBT transactions held over until the next settlement day. Our system zero-balances every day, which means our system totals always match our program totals. Exhibit VI-40 shows the various settlement windows for WIC stand-beside vendors.***

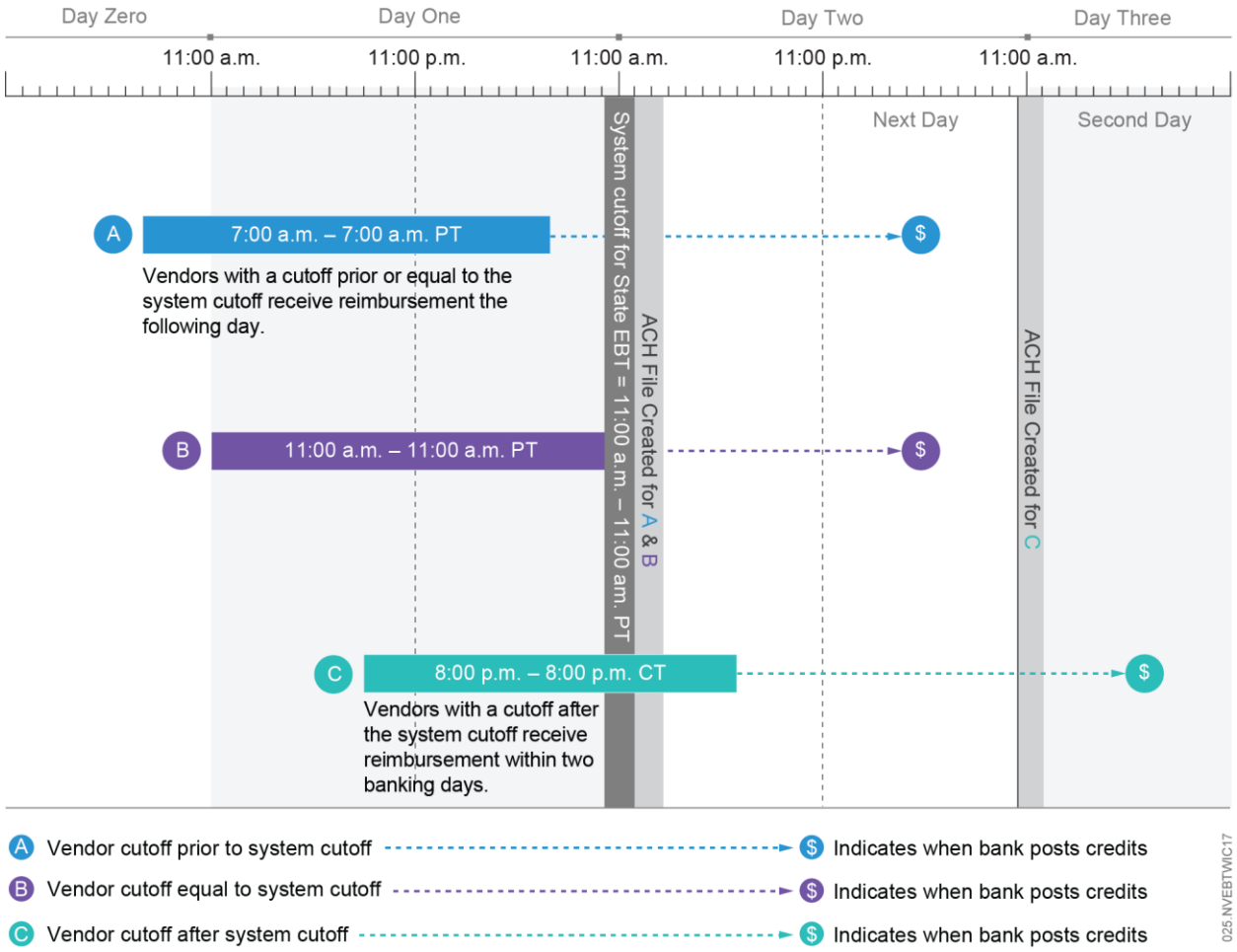


Exhibit VI-40. WIC Vendor Settlement Cycles

WIC vendors receive next-day settlement of funds for cutoff periods prior to or equal to the system cutoff.

- ***Adding New Program Features.*** ***We can readily and accurately edit code to incorporate program enhancements and features into our WIC Connect solution. The key is that the underlying code remains the same and only the new business rules are added and integrated. Plus, our flexible, multi-tier account structure allows the addition of virtually any type of program (e.g., cash, non-cash benefits) and correctly accounts for the data at the most finite funding or accounting level.***

- ***Online Access to Transaction Information.*** ***We provide up to three years of online transaction history through EPPIC without the inherent rigidity of legacy-based systems. Authorized users simply use their web-based Administrative Terminal to query the selected information for WIC vendors or cardholders. EPPIC's design and the efficiency of our distributed computing server environment enable us to deliver these online features and other functionality that some other contractors cannot due to the inherent restrictions of their system and platform designs.***

- ***Online Reporting.*** ***The depth of EPPIC's online reporting capabilities remains unmatched. Conduent was the first company to offer online reporting and offer report-specific security, which enables you to access reports based on individual security privileges. Our database logs any data entered into the system, and we can easily report on it. Exhibits VI-41, VI-42, and VI-43 show Administrative Screens for accessing and viewing a variety of WIC EBT Program reports.***

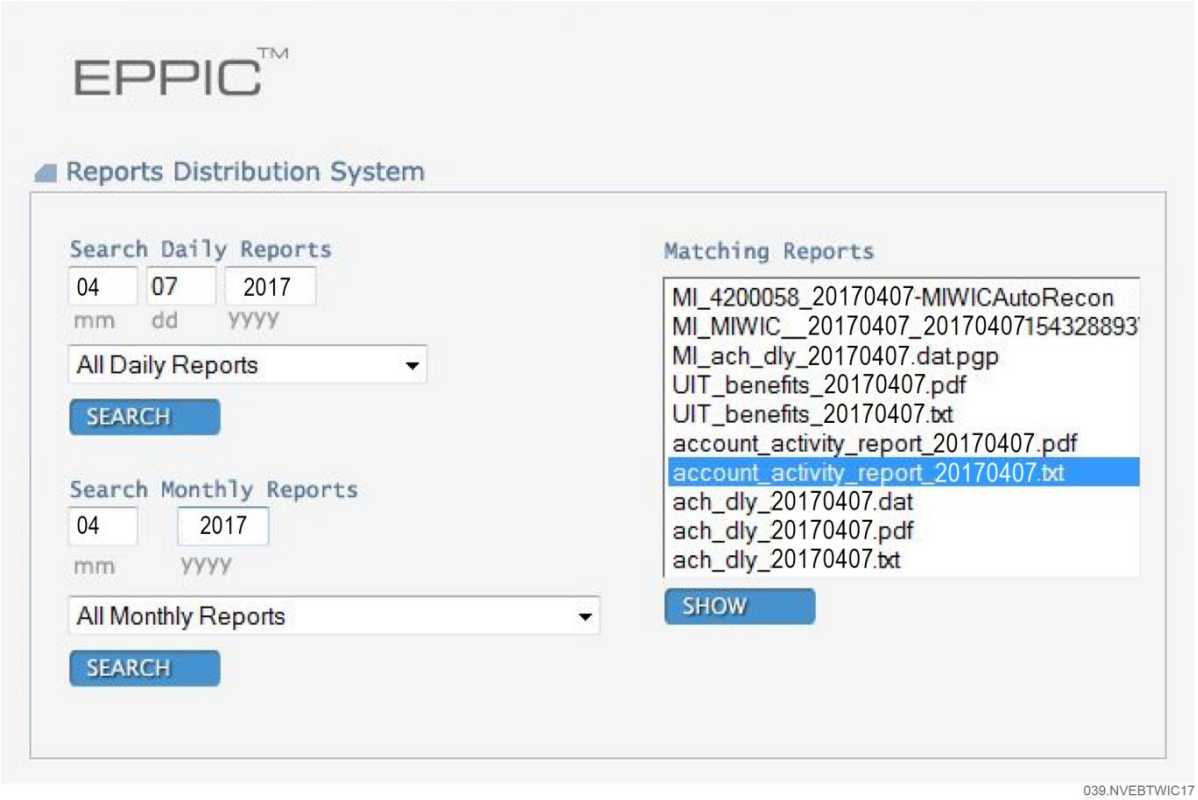
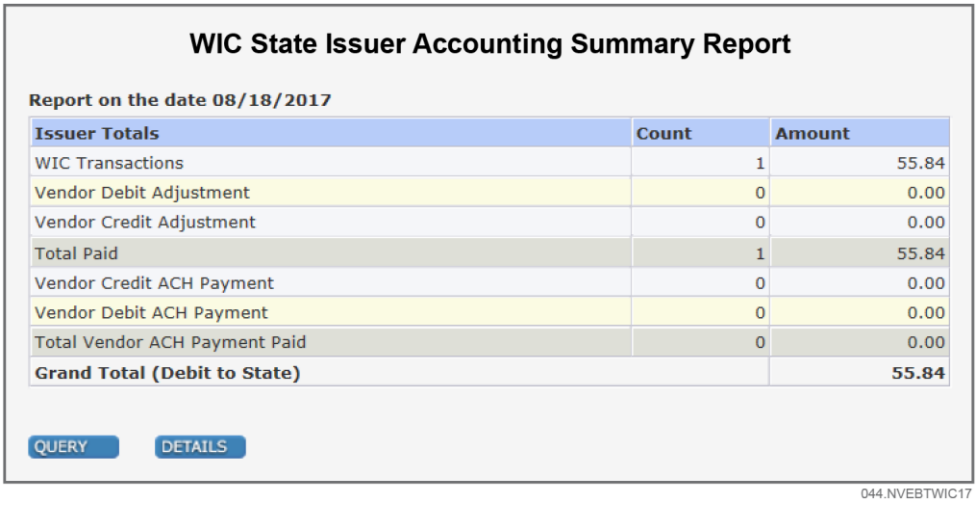


Exhibit VI-41. EPPIC Reports Distribution System

From this page, the user may search for specific reports, display, print, or save in .txt format to import into another program for further analysis of the data.



WIC State Issuer Accounting Summary Report

Report on the date 08/18/2017

Issuer Totals	Count	Amount
WIC Transactions	1	55.84
Vendor Debit Adjustment	0	0.00
Vendor Credit Adjustment	0	0.00
Total Paid	1	55.84
Vendor Credit ACH Payment	0	0.00
Vendor Debit ACH Payment	0	0.00
Total Vendor ACH Payment Paid	0	0.00
Grand Total (Debit to State)		**55.84**

QUERY DETAILS

044.NVEBTWIC17

Exhibit VI-42. WIC State Issuer Accounting Summary Report

The report shows the WIC transactions, any vendor adjustments, and the total paid.

WIC State Issuer Accounting Details Report

Report on the date 08/18/2017

Category	Sub-Category	WIC Transactions	Vendor Debit Adj	Vendor Credit Adj	Net Units
02	000	4.50	0.00	0.00	**4.50**
02	001	0.00	0.00	0.00	**0.00**
02	005	0.00	0.00	0.00	**0.00**
Totals for Category : 2		**4.50**	**0.00**	**0.00**	**4.50**
03	000	1.00	0.00	0.00	**1.00**
03	001	0.00	0.00	0.00	**0.00**
03	100	0.00	0.00	0.00	**0.00**
Totals for Category : 3		**1.00**	**0.00**	**0.00**	**1.00**
05	000	36.00	0.00	0.00	**36.00**
05	001	0.00	0.00	0.00	**0.00**
05	002	0.00	0.00	0.00	**0.00**
Totals for Category : 5		**36.00**	**0.00**	**0.00**	**36.00**
06	000	6.00	0.00	0.00	**6.00**
06	001	0.00	0.00	0.00	**0.00**
06	101	0.00	0.00	0.00	**0.00**
Totals for Category : 6		**6.00**	**0.00**	**0.00**	**6.00**
08	000	0.00	0.00	0.00	**0.00**
08	001	0.00	0.00	0.00	**0.00**
08	002	0.00	0.00	0.00	**0.00**
Totals for Category : 8		**0.00**	**0.00**	**0.00**	**0.00**
09	000	0.00	0.00	0.00	**0.00**
09	001	0.00	0.00	0.00	**0.00**
Totals for Category : 9		**0.00**	**0.00**	**0.00**	**0.00**
12	000	40.00	0.00	0.00	**40.00**
12	001	0.00	0.00	0.00	**0.00**
12	002	0.00	0.00	0.00	**0.00**
12	003	0.00	0.00	0.00	**0.00**

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Exhibit VI-43. WIC State Issuer Accounting Detail Report
The detailed report shows activity by category and sub-category.

- ***Seamless Interface to Multiple External Entities.*** ***WIC Connect supports interfaces from file-based to advanced web services. Among the benefits of this feature is the ability to cross-check a state eligibility system. In addition, there is potential for an increased array of web services. We can discuss these options with you during the joint application design (JAD) sessions held after contract award to determine which services to add.***
- ***Easy-to-Use Administrative Terminal Interface.*** ***We offered the first web-based Administrative Terminal, and you benefit from continuous enhancements and improvements made over the years. Our Administrative Terminal allows authorized users to perform online, real-time system inquiries and updates through an intuitive, easy-to-navigate graphical user interface (GUI). No special software needs to be installed or maintained on the terminal—State, federal, and local staff, that have internet access and the proper security authorizations, have all they need to do their jobs. Exhibits VI-44, VI-45, VI-46, VI-47, VI-48, and VI-49 show Administrative Terminal Screens for account and benefit management.***

EPPIC™

WIC Family Benefit Management

User Info
Name:
Login:
11/06/2016 14:26:36
Act.:
11/06/2016 14:53:35

- Recipient Account
- WIC Account
- Financial Accounting
- Reconciliation
- Reports
- AT User Management
- Retailer Management
- Password Change
- Log out

Family

Name	Benefit Nbr	Starting	Ending	Benefit Status	Program Status
		10/25/2016	11/24/2016	ACTIVE	ACTIVE

Benefit Application Information

Cat	Sub	Trans Date	Init Qty	Trans Qty	App Qty	Rem Qty	UPC
01	002	10/27/2016 15:39:37	4.00	1.00	1.00	3.00	
01	002	11/05/2016 18:10:27	4.00	2.00	2.00	1.00	
02	000	11/05/2016 18:10:27	3.00	2.00	1.00	2.00	
02	000	11/05/2016 18:10:27	3.00	2.00	1.00	1.00	
03	000	11/05/2016 18:10:27	2.00	2.00	2.00	0.00	
04	000	10/30/2016 18:17:09	3.00	3.00	3.00	0.00	
05	000	10/30/2016 18:14:42	36.00	14.50	14.50	21.50	
09	000	10/30/2016 18:14:42	24.00	24.00	16.00	8.00	
09	000	10/30/2016 18:14:42	24.00	24.00	8.00	0.00	
12	000	10/26/2016 15:18:32	64.00	2.00	2.00	62.00	
12	000	10/30/2016 18:14:42	64.00	61.00	13.00	49.00	
12	000	10/30/2016 18:14:42	64.00	61.00	12.00	37.00	
12	000	10/30/2016 18:14:42	64.00	61.00	12.00	25.00	
12	000	10/30/2016 18:14:42	64.00	61.00	12.00	13.00	
12	000	10/30/2016 18:14:42	64.00	61.00	1.00	12.00	
12	000	10/30/2016 18:14:42	64.00	61.00	11.00	1.00	
13	000	10/26/2016 15:18:32	31.00	6.00	2.00	29.00	
13	000	10/26/2016 15:18:32	31.00	6.00	2.00	27.00	
13	000	10/26/2016 15:18:32	31.00	6.00	2.00	25.00	
13	000	10/30/2016 18:14:42	31.00	23.00	23.00	2.00	
17	000	10/30/2016 18:14:42	1.00	1.00	1.00	0.00	
19	000	10/30/2016 18:17:09	10.00	9.11	1.79	8.21	
19	000	10/30/2016 18:17:09	10.00	9.11	2.84	5.37	
19	000	10/30/2016 18:17:09	10.00	9.11	2.49	2.88	
19	000	10/30/2016 18:17:09	10.00	9.11	1.99	0.89	

SEARCH FAMILY CARD

031.NVEBTWIC17

Exhibit VI-44. WIC EBT Family Benefit Management Screen

This screen provides current information on existing benefits. Clicking buttons at the left and bottom of the screen provide a variety of search and update functions.

EPPIC™

WIC Family Benefit Management

User Info
Name:
Login:
11/26/2016 17:40:40
Act.:
11/26/2016 17:42:12

- Recipient Account
- WIC Account
- Financial Accounting
- Reconciliation
- Reports
- AT User Management
- Retailer Management
- Password Change
- Log out

Family

Name	Benefit Nbr	Starting	Benefit Received	Benefit Status	Program Status
		12/03/2016	11/26/2016	FUTURE	ACTIVE

Benefit Detail Information

Cat	Sub	Initial Qty	Rem Bal	Last Qty	Unit	Description	Last Trx Date	
01	002	3.00	3.00	3.00	GAL	GAL 2 , 1 , 1/2 or Skim Milk	11/26/2016	ISSUANCE
02	000	1.00	1.00	1.00	LB	CHEESE ($8.00 MAX PER LB.)	11/26/2016	ISSUANCE
03	000	1.00	1.00	1.00	DOZ	EGGS	11/26/2016	ISSUANCE
05	000	36.00	36.00	36.00	OZ	CEREAL	11/26/2016	ISSUANCE
06	000	1.00	1.00	1.00	JAR	18oz Pnut Btr lb Dry,15-16ozCn Bean	11/26/2016	ISSUANCE
17	000	2.00	2.00	2.00	LB	WHOLE GRAIN BREAD OR TORTILLAS	11/26/2016	ISSUANCE
19	000	6.00	6.00	6.00	$$$	FRUITS AND VEGETABLES	11/26/2016	ISSUANCE
54	000	2.00	2.00	2.00	BTL	64 OZ JUICE	11/26/2016	ISSUANCE

SEARCH FAMILY CARD VOUCHER

033.NVEBTWIC17

Exhibit VI-45. Family Benefit Detail

WIC Program staff will appreciate the ease of accessing household benefit information.

Exhibit VI-46. WIC EBT Family Card Management Screen

This screen provides a function for authorized users to easily change card status.

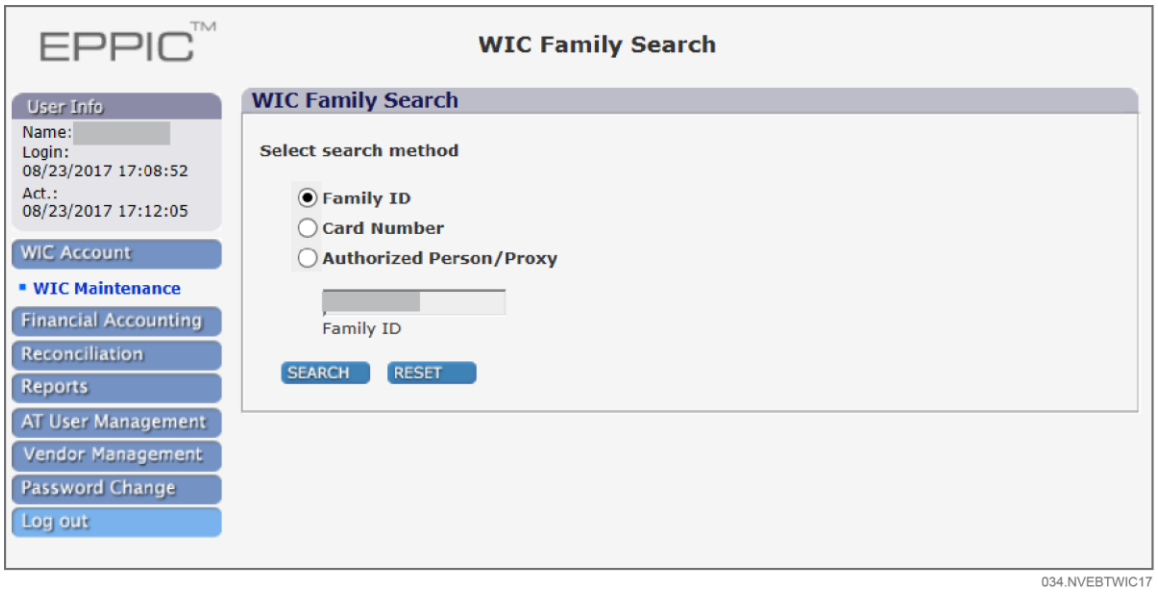


Exhibit VI-47. WIC EBT Family Search Screen

This search screen is used to begin a search for household accounts.

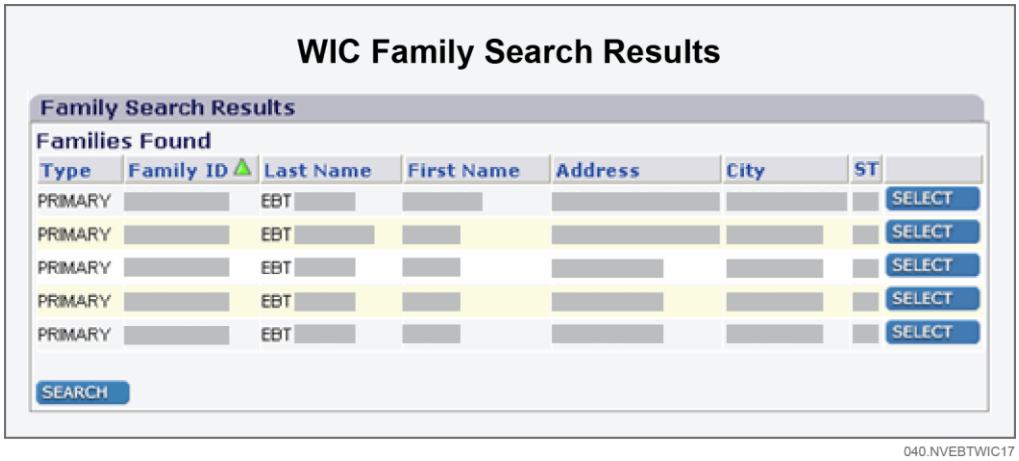


Exhibit VI-48. WIC EBT Family Search Results Screen
This screen shows the results of a search using the cardholder's last name.

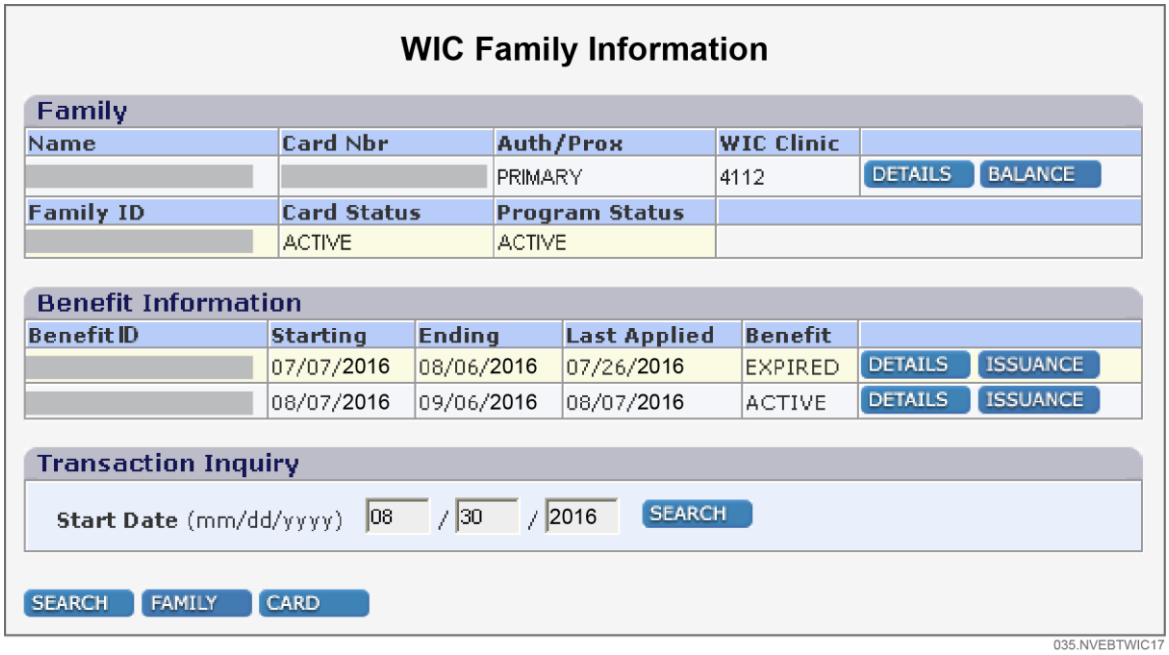


Exhibit VI-49. WIC EBT Family Information Screen
This screen is used to view household information in greater detail and shows both active and expired benefit issuance numbers.

- *State-of-the-Art Interactive Voice Response (IVR) System and Customer Service Centers.* ***Through our toll-free IVR, cardholders can easily check their account balances and access transaction history information (e.g., the 10 most recent debit and credit transactions). The IVR efficiently routes cardholder calls to our customer service centers for issues needing assistance from customer service representatives (CSRs), such as reporting lost/stolen/damaged WIC EBT cards, requesting program information, general inquiries, and to report or resolve a problem regarding their card or transactions. Three secure IVR facilities ensure continuous 24/7/365 operation for your cardholders. Our network of 10 cloud-based centers deliver fast, reliable, and dependable service with load balancing to make certain we answer every call.***
- *Cardholder Portal.* ***The cardholder portal provides access to account information in both English and Spanish. Cardholders can review recent account transactions as well as their balance. We know that the convenience and the benefit of the self-service cardholder website is a key part of superior customer service. The main landing page for our state EBT and WIC EBT programs and several screens from our Michigan WIC EBT program are shown in Exhibits VI-50, VI-51, VI-52, VI-53, VI-54, and VI-55.***

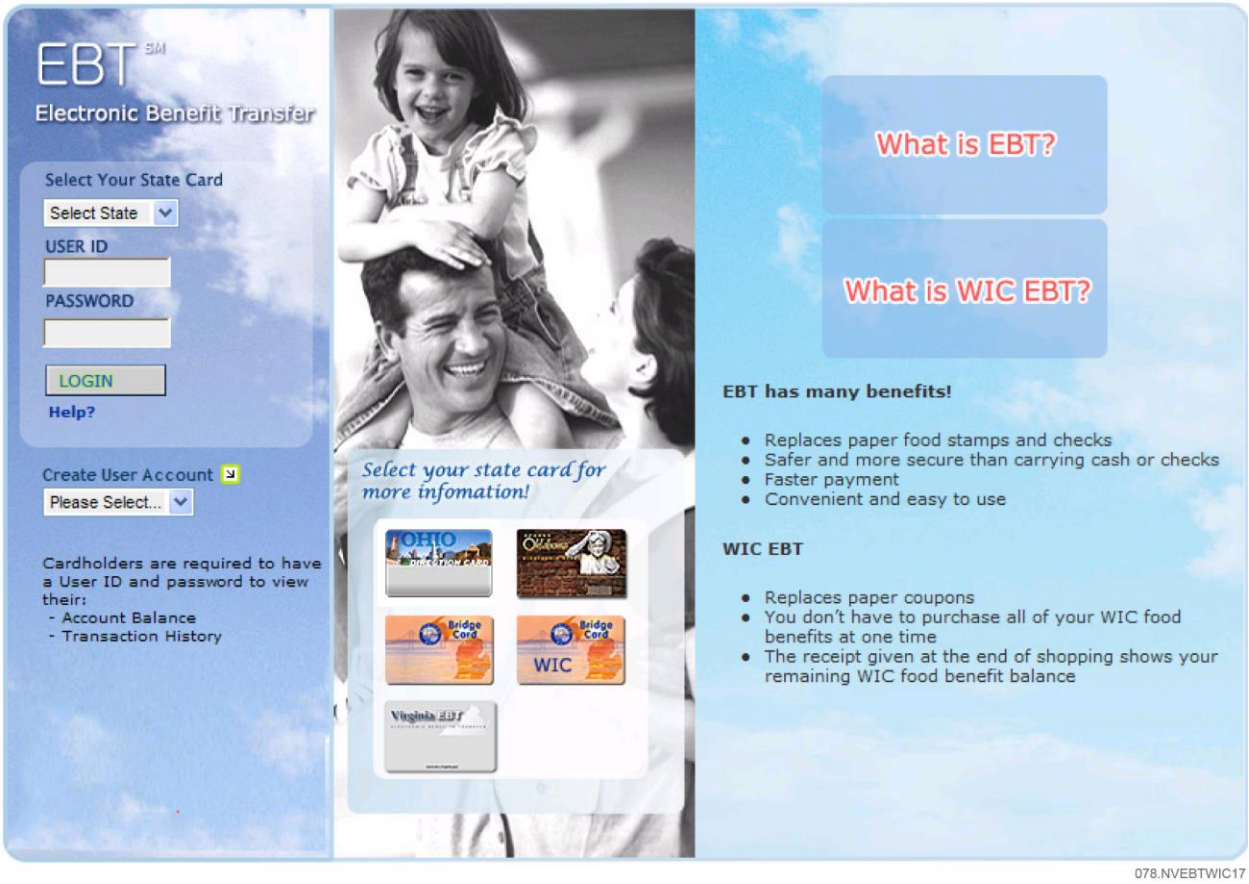


Exhibit VI-50. Cardholder Website Landing Page

Cardholders from all our WIC EBT programs access this screen to select their state program portal.

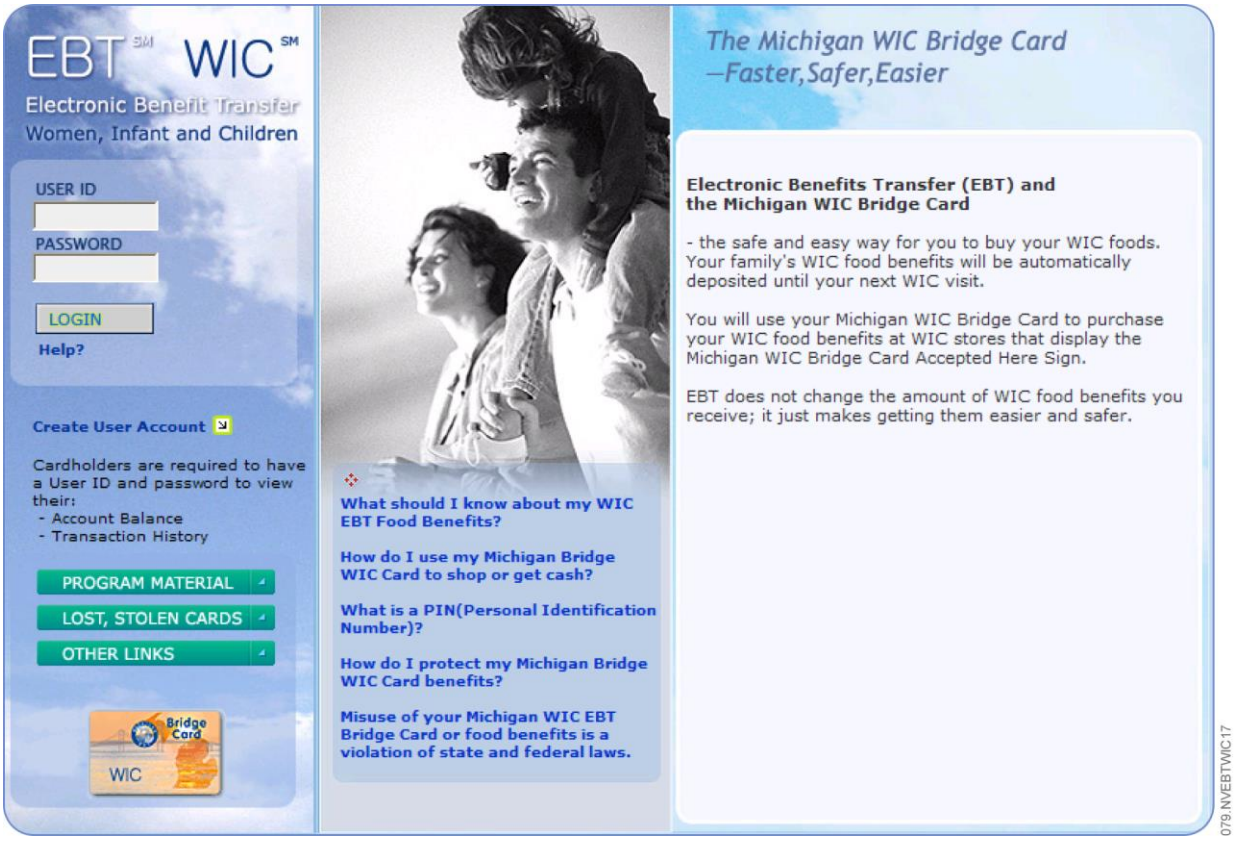


Exhibit VI-51. Michigan WIC EBT Program Login Screen

Cardholders use this screen to create a user account or to access program information and services.

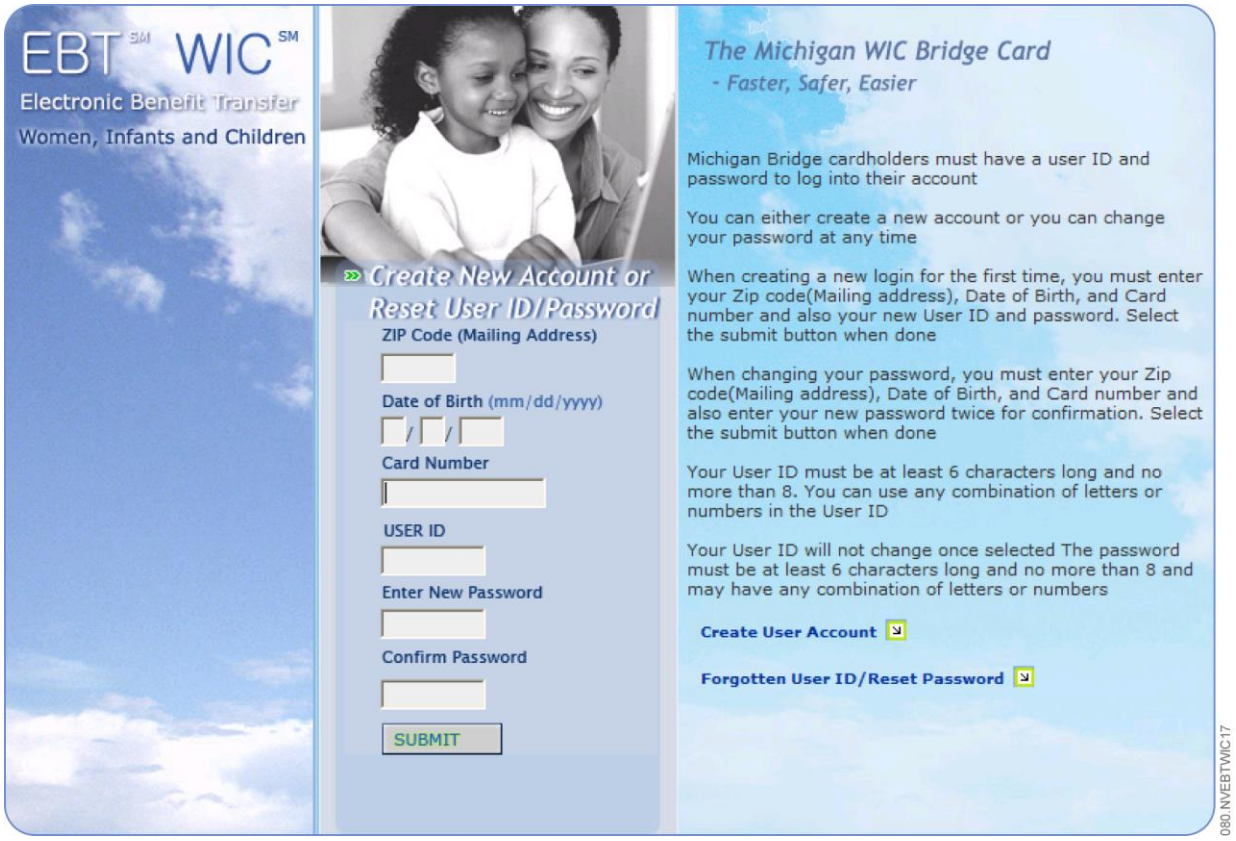


Exhibit VI-52. Michigan WIC EBT Program Create Account Screen

This screen enables participants to create an account and securely access their WIC EBT account and transaction information.

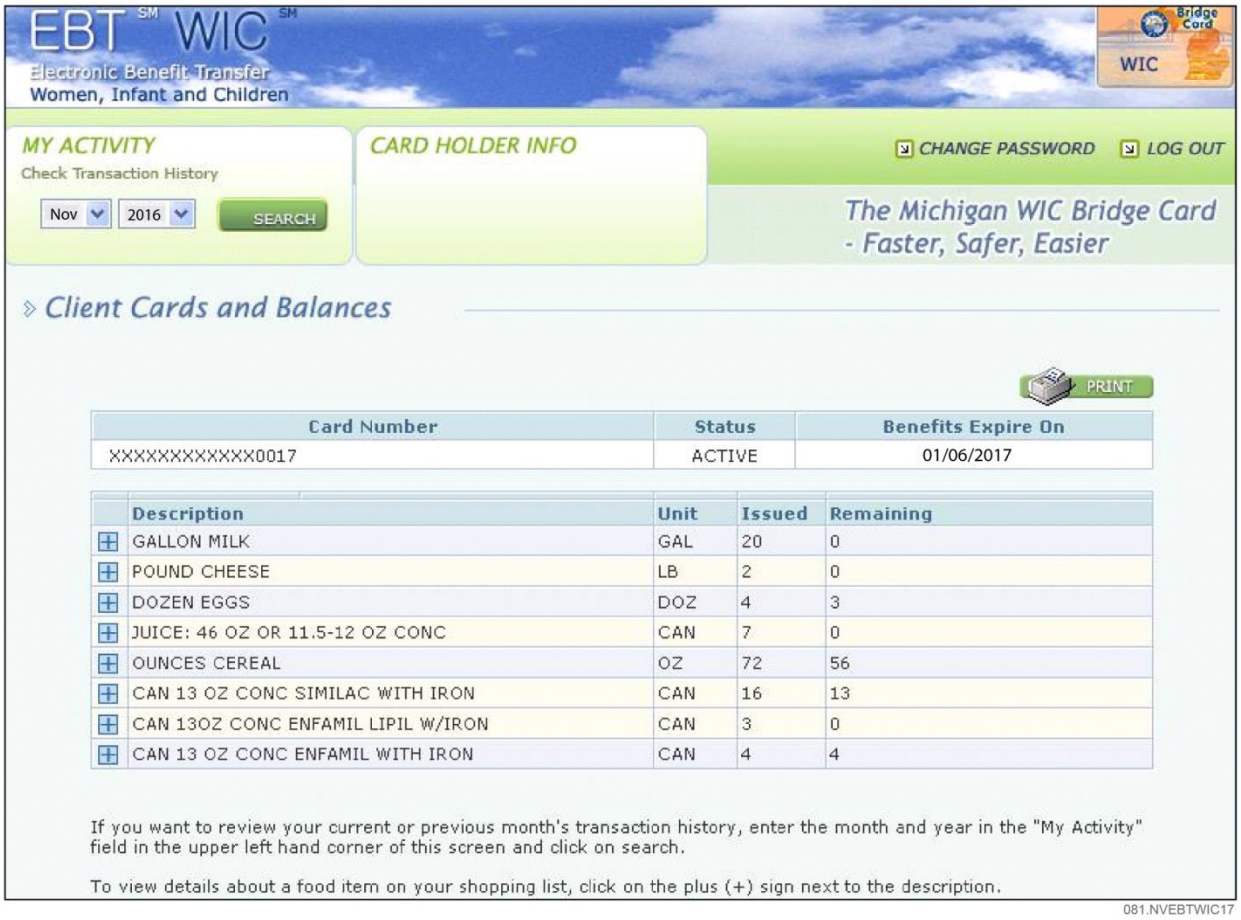


Exhibit VI-53. Michigan WIC EBT Account Balance Screen

After logging in, participants use this screen to securely view their real-time account balance.

Client Cards and Balances

PRINT

Card Number	Status	Benefits Expire On
XXXXXXXXXXXX0017	ACTIVE	01/06/2017

Description	Unit	Issued	Remaining
GALLON MILK	GAL	20	0
Start Date / End Date			
04/18/2013 / 04/18/2016		3.00	0.00
04/19/2013 / 04/19/2016		9.00	0.00
07/17/2013 / 01/06/2017		8.00	0.00
POUND CHEESE	LB	2	0
Start Date / End Date			
07/17/2013 / 01/06/2017		2.00	0.00
DOZEN EGGS	DOZ	4	3
Start Date / End Date			
07/17/2013 / 01/06/2017		4.00	3.00
JUICE: 46 OZ OR 11.5-12 OZ CONC	CAN	7	0
OUNCES CEREAL	OZ	72	56
CAN 13 OZ CONC SIMILAC WITH IRON	CAN	16	13
CAN 13OZ CONC ENFAMIL LIPIL W/IRON	CAN	3	0
CAN 13 OZ CONC ENFAMIL WITH IRON	CAN	4	4

If you want to review your current or previous month's transaction history, enter the month and year in the "My Activity" field in the upper left hand corner of this screen and click on search.

To view details about a food item on your shopping list, click on the plus (+) sign next to the description.

082.NVEBTWIC17

Exhibit VI-54. Michigan WIC EBT Program Detailed Account Balance Screen

Cardholders use the screen to view details on any or all food items remaining in their account.

Exhibit VI-55. Michigan WIC EBT Program Summary of Purchases Transaction History Screen
This screen presents all transaction history in a straightforward and easy-to-understand format.

- ***Vendor Portal.*** ***Our vendor portal enables WIC vendors to securely access information regarding transaction activity, adjustment history, and payment information. This portal likewise provides WIC vendors with authorized Universal Product Code (UPC) and if allowed by the program, Not to Exceed (NTE) information. Support services are available through the WIC vendor portal in both English and Spanish. WIC portal screens from our Connecticut WIC EBT program are shown in Exhibits VI-56, VI-57, VI-58, and VI-59.***

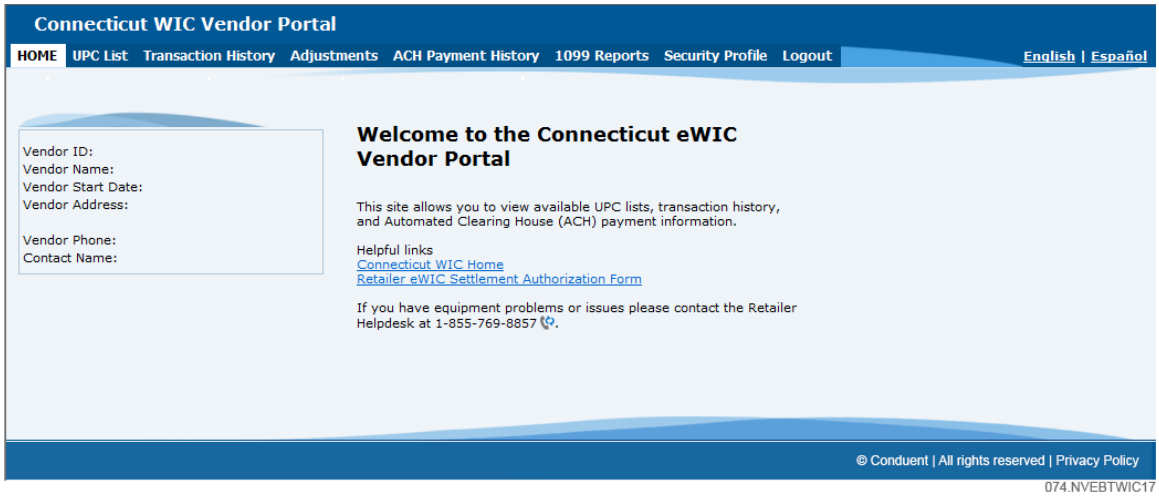


Exhibit VI-56. WIC Vendor Portal Welcome Screen
WIC vendors see a summary of their contact information and navigate to the other options such as UPC List from this screen.

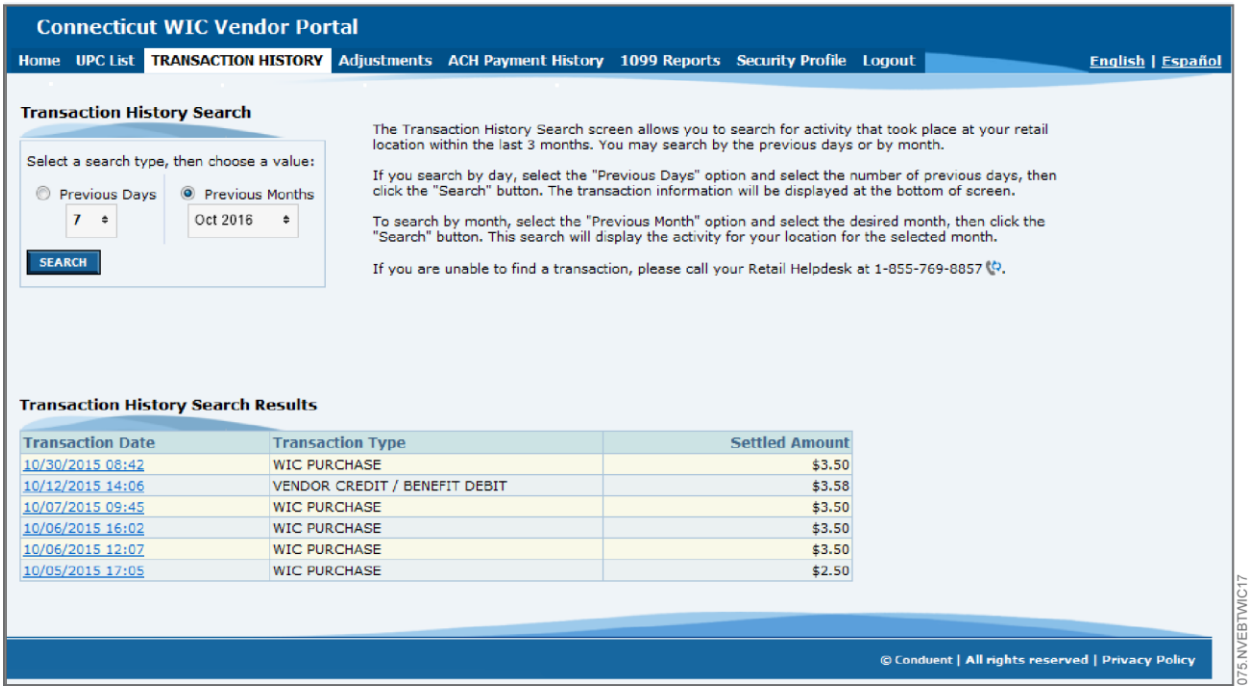


Exhibit VI-57. WIC Vendor Transaction History Screen

WIC vendors may view transaction activity that occurred during the selected time period.

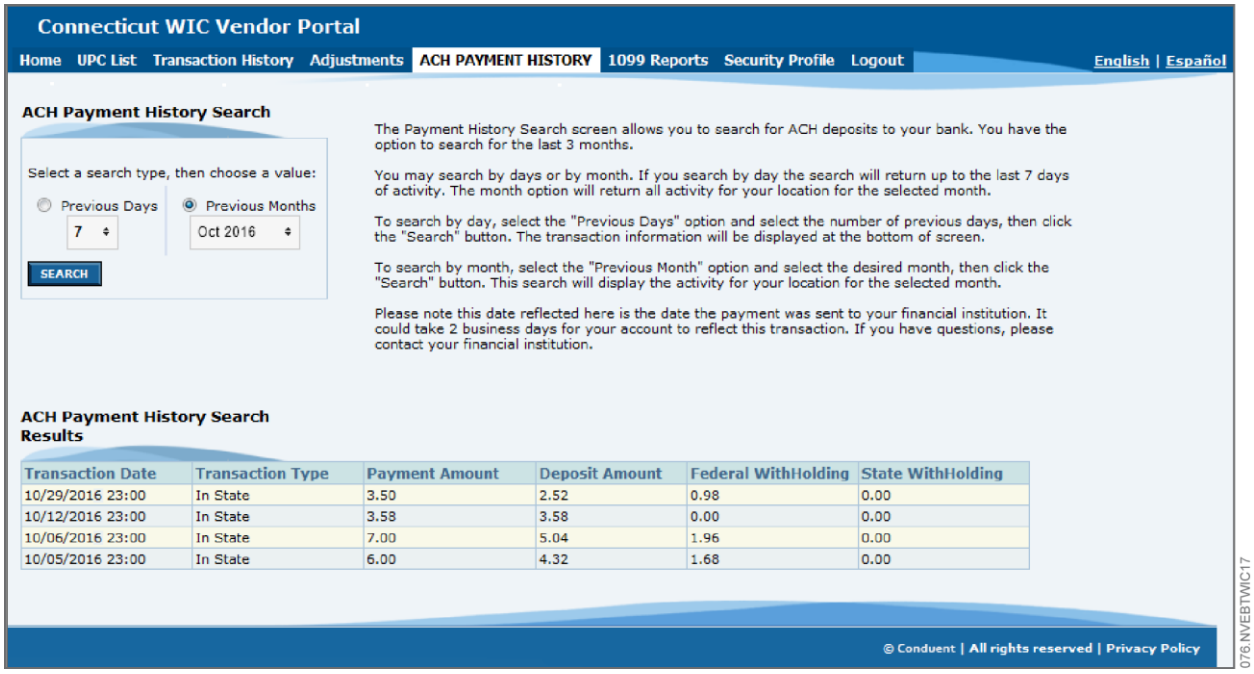


Exhibit VI-58. WIC Vendor ACH Payment History Search Screen

This screen provides WIC vendors with settlement information for each settlement date within a selected range.

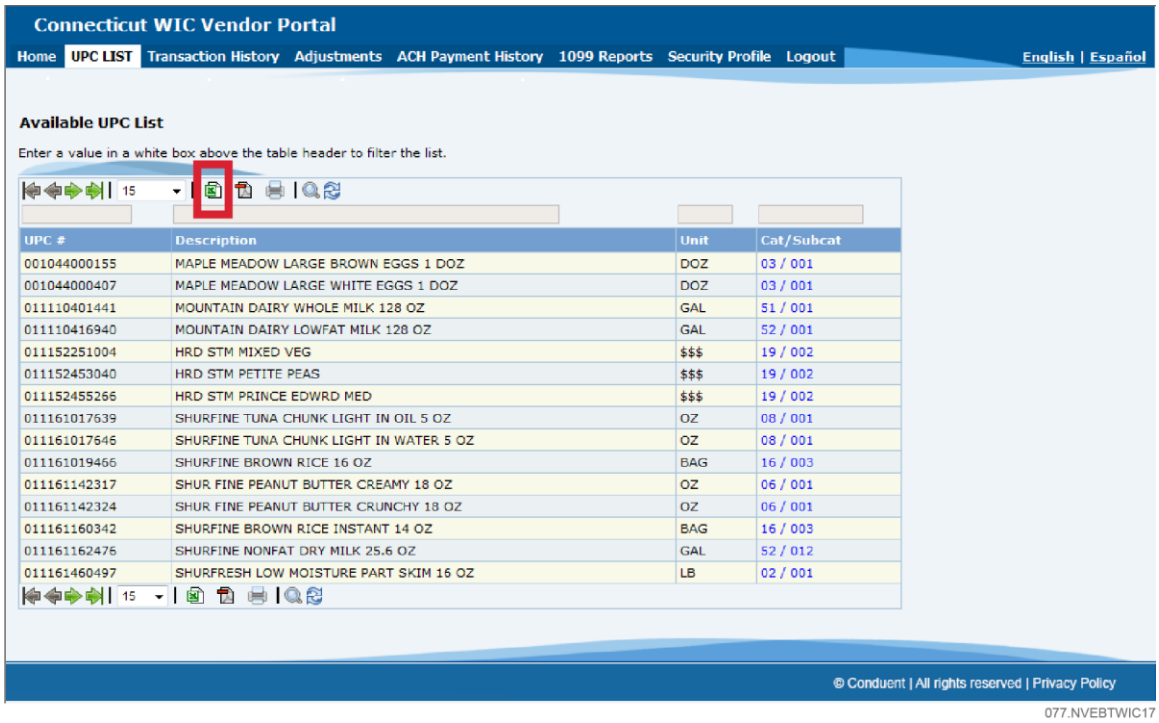


Exhibit VI-59. WIC Vendor UPC List Screen

WIC vendors may export the UPC search results into an Excel document by clicking the Excel document icon.

- *Performance Standards.* ***EPPIC and WIC Connect meet all required performance standards as shown in RFP Appendix E, Performance Standards.***

4.14.2 Activities

The vendor should briefly describe how they would complete each of the defined deliverable that are specific to the Scope of Work for the Nevada WIC Programs. Following are a list of Deliverables the EBT contractor will be required to complete for the Nevada WIC Programs in addition to the Project Wide deliverables previously defined in Sections 4.3 through 4.13.

Table VI-16 lists each requirement in RFP Section 4.14, Nevada WIC Programs Specific Scope of Work, compared to similar requirements in other sections of the RFP. As indicated, we meet each of the requirements.

Table VI-16. Comparison of Nevada WIC Programs Requirements with Other RFP Sections

RFP Section 4.14, Nevada WIC Programs Specific Scope of Work	Related RFP Section for More Information	Conduent Meets All RFP Requirements
4.14.2.1, EBT for Nevada WIC Farmer's Market	***4.15.2.14, Farmers' Market/Direct-marketing Farmers' Support***	✓
4.14.2.2, Nevada WIC EBT System for SEBTC	***N/A***	✓
4.14.2.3, WIC EBT/MIS Interface Specifications	***3.3.1, Eligibility System Interface JAD Design Sessions***	✓
4.14.2.4, Design and Testing of the WIC EBT System	***4.6, Project -Wide System Testing***	✓
4.14.2.5, WIC EBT System Requirement Verification Sessions	***3.3.2, EBT System Requirement Verification Sessions***	✓

RFP Section 4.14, Nevada WIC Programs Specific Scope of Work	Related RFP Section for More Information	Conduent Meets All RFP Requirements
4.14.2.6, WIC System Testing	4.6.2.6, System Testing	✓
4.14.2.7, WIC MIS Interface Design and Testing	3.2, Technical Requirements 3.3.1, Eligibility System Interface JAD Design Sessions 4.6.2.5, Interface Testing	✓
4.14.2.8, WIC Vendor TPP Agreements	3.2.11, Third Party Processors 3.2.12.2, Retailer Management Roles and Responsibilities	✓
4.14.2.9, WIC EBT Cards and Card Sleeves	4.10.2.1, Cards for the EBT Program Benefits 4.10.2.2, Card Sleeves	✓
4.14.2.10, Account Set-Up and Benefit Authorization	4.11.2.1, Account Set-up and Benefit Authorization	✓
4.14.2.11, Maintain the EBT Account	4.11.2.8, EBT Account Maintenance	✓
4.14.2.12, System Security	3.4.1, EBT System Security	✓
4.14.2.13, Manage WIC EBT Settlement, Transaction Processing and Reconciliation	4.16.2.3, TANF Settlement and Reconciliation	✓
4.14.2.14, Manage WIC Retailers and Retailer Transactions	3.2.10, EBT-Only Equipment Support Services 3.2.12, Retailer Management 3.2.13, Retailer Database Management 4.5.2.1, System Implementation Tasks 4.15.2.6, SNAP Retailer Transactions	✓
4.14.2.15, System Operations Manual for WIC	3.2.1, Systems Operations Manual	✓
4.14.2.16, WIC Training	4.4.2.9, Project Wide Knowledge Transfer Plan 4.7, SNAP/TANF Training	✓
4.14.2.17, WIC Program Customer Service Requirements	3.2.10.1, Services Provided for Deployed POS Equipment 4.8, SNAP/TANF Help Desk/Customer Service	✓
4.14.2.18, WIC System Reports and System Data	3.2.2.2, Reports Manuals 4.12, SNAP/TANF Reporting and Data Requirements 4.12.2.1, Electronic Reports 4.12.2.5, Data Warehouse 4.12.2.6, Ad-hoc Reporting Capability 4.12.2.7, General Reports	✓
14.14.2.19, Contract Termination	4.5.2.3, Contract Closeout Requirements	✓

4.14.2.1 EBT for Nevada WIC Farmer's Market

The Nevada WIC Program participates in the Farmer's Market Nutrition Program (FMNP). The Program currently uses paper vouchers for the delivery of FMNP benefits. In the future, the WIC Programs would like to issue FMNP benefits to the WIC participants using the WIC EBT card. WIC participants in selected areas of the state are offered FMNP benefits at the start of the FMNP season and benefits are added as an additional program benefit onto the WIC EBT cards.

The vendor should describe in the proposal how FMNP benefits are issued, recorded and tracked on the WIC EBT card (or on an additional EBT card) for the WIC households using the WIC EBT system. The cost of the addition of the FMNP benefit delivery should be included as a separate WIC CPCM line item.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.2 Nevada WIC EBT for SEBTC

The Nevada WIC Program administers a separately funded Summer EBT for Children (SEBTC) Program. This SEBTC Program is for school age children and provides benefits to households who quality. The benefits are currently issued using a separate SEBTC EBT card which is loaded with the appropriate benefits and distributed to households.

The vendor should describe in the proposal how the SEBTC benefits are issued, recorded and tracked onto a separate SEBTC card using the WIC EBT system. The cost of the addition of the SEBTC benefit delivery should be included as a separate WIC CPCM line item.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.3 WIC EBT/MIS Interface Specifications

The EBT contractor shall provide and support the interface between the WIC Programs' MIS and the EBT system, and assist in defining any required design or modifications for the EBT system interface. To facilitate this task, the EBT contractor shall coordinate interface design sessions in preparation of development, testing, data conversion, conversion activities for the WIC EBT Interface.

The EBT contractor shall provide a WIC EBT to WIC MIS Interface Specifications document that defines the detailed plan to interface with the MPSC system and plans to work with the Nevada WIC Programs' contractor in place to transfer and implement the MPSC into Nevada WIC clinics and administrative offices. The Specifications Document must define the data exchange files, the EBT reconciliation process, and the EBT reports which will be provided to the Nevada WIC Programs. The interface must involve no system code changes for the MPSC system and shall conform to the WIC MIS-EBT Universal Interface Specifications.

No code changes can be made to the Nevada WIC Programs' MIS (the MPSC system). Any data elements and transmission protocols required by the EBT system to effectively interface with the WIC MIS must be made to the WIC EBT system and not within the WIC MIS.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.4 Design and Testing of the WIC EBT System

The EBT contractor shall complete all testing necessary to ensure the system is fully tested and ready for UAT.

Specific identifying and demographic data elements, will be addressed during requirements validation sessions between the WIC Programs' staff and the EBT contractor staff. According to the requirements of transferring a WIC State Agency Model (SAM) system, no changes can be made to the Nevada WIC Programs' MIS, therefore the EBT contractor shall use the existing data formats for the exchange of data unless otherwise stipulated by the WIC Programs.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.5 WIC EBT System Requirement Verification Sessions

The EBT contractor shall complete all testing necessary to ensure the system is fully tested and ready for UAT.

Specific identifying and demographic data elements, will be addressed during requirements validation sessions between the WIC Programs' staff and the EBT contractor staff. According to the requirements of transferring a WIC State Agency Model (SAM) system, no changes can be made to the Nevada WIC Programs' MIS, therefore the EBT contractor shall use the existing data formats for the exchange of data unless otherwise stipulated by the WIC Programs.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.6 WIC System Testing

The EBT contractor shall provide a full range of system testing for the WIC EBT System. The proposed system and each subsequent enhancement or addition must be validated by the WIC Programs' staff prior to being accepted for the statewide conversion.

System testing shall be performed on all components and functional areas of the EBT contractor's EBT systems and interfaces. Any deficiencies identified during system testing must be corrected and re-tested. WIC staff and FNS staff and potentially other stakeholders must formally accept and approve the WIC's EBT system, before the system is introduced into production and operations can begin.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.7 WIC MIS Interface Design and Testing

Interface design and testing will be required to ensure that all files sent among the WIC MIS (the MPSC system) and EBT contractor systems are properly received, accepted and accurately processed. Interface testing of the WIC MIS shall demonstrate rejection of duplicate files or records and correction of transmission errors.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.8 WIC Vendor TPP Agreements

The EBT contractor shall provide copies of the Retailer EBT Agreements and, if applicable, TPP Agreements, for review and approval by the WIC Programs and FNS. The agreements shall meet applicable requirements contained in WIC regulations at 7 CFR § 246.7 and the guidelines of the "FNS Operating Rules for WIC EBT".

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.9 WIC EBT Cards and Card Sleeves

Following are specific WIC EBT card requirements and information regarding card inventory and issuance.

The cards that will be provided to the WIC Programs will contain the PAN distinguishing Nevada WIC and ITCN WIC cards from each other with the use of different 7th and 8th digits, Unique 7th and 8th digits will allow for tracking issuance and redemption for financial management and reporting purposes and for EBT contractor billing for each program, separate and apart from each other.

A. Issuance of Card Replacements

The EBT contractor shall provide a deactivation method for daily or bulk card stock missing (i.e., lost or stolen) card inventory that would prevent further linkage of the card to any WIC client identifier number.

Replacement of any lost, stolen or damaged cards will be completed at the WIC clinics and not by the EBT contractor. Information regarding the replaced card (i.e., PAN, cardholder's name, address, and birth date) in addition to benefits issuance information and the replaced PAN will be sent from the WIC MIS to the EBT host.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.10 Account Set-up and Benefit Authorization

To establish the EBT account and post benefit authorizations, the WIC Programs' MIS system transmits account set-up and benefit authorization files and records to the EBT contractor through on-line, host-to-host file transmission. The EBT contractor's EBT system must accommodate the WIC Programs' interface requirements and shall be available 24 hours per day, seven days per week to accept retailer issues, file transactions, benefit redemption and selection of PIN's. The EBT contractor shall be required to work with the WIC MIS Contractor to complete interface design, testing and implementation to ensure seamless interactions between the Nevada WIC Programs' MIS and the EBT system.

The EBT contractor shall be available to accept file and record transmissions within 60 minutes of being notified by the WIC Program staff that their system was not available to accept a file or record transmission.

A. WIC EBT Account Structure

The EBT system must maintain an Electronic Benefit Account (EBA) for each WIC household. The EBT system must not make changes or updates to account information unless such updates are received from the WIC MIS in message-based or file transmission. The data may be requested using the WIC household ID, the EBA ID or the PAN.

1. The EBT contractor shall establish a WIC EBT account structure that supports the characteristics of the WIC EBT benefits and functionality. The WIC Programs reserve the right to modify Program requirements in response to FNS requirement changes.

B. Unique Identifiers

The EBT system must accept a unique identifier (i.e., household ID) and associated demographics from the WIC Programs' MIS, either in a message or a batch file transfer. The EBT system must validate the uniqueness of the WIC household and benefit ID, ensuring that no duplicate household or benefit IDs have been remitted from the WIC MIS. Audit trails shall include account type. The EBT system must allow authorized users to search and sort by account type. The EBT system must establish an EBA according to Universal Interface and established business rules agreed upon during contract negotiation in line with the WIC MIS to EBT interface requirements. If an effective start and end date is not provided with the account set-up record, the EBT system must assume the current date as the effective date.

Account types are generally household accounts but may include compliance, test, training and/or other account types as determined by the WIC Programs.

C. WIC Food Benefits

The WIC participant's food benefits are delivered to the EBT host via data transmission to the EBT host. All foods are issued according to the applicable amount of the unit of measure of the food's category and subcategory. The food packages for each participant in the family are combined into a household account. The MPSC MIS may allow for aggregated benefits transmitted to the EBT host.

D. Direct Ship Food Items

If a participant is issued a special formula that they cannot get at a WIC authorized vendor in their area, Nevada WIC clinic staff will record a code in the WIC MIS to indicate the product is to be Direct Shipped. The State Office staff (either the Nevada State WIC Program or the ITCN WIC Program) will order the formula from the manufacturer and this formula is then direct shipped to the clinic and the participant comes in to pick it up and no EBT transaction takes place.

E. UPC/PLU Data

The Nevada WIC Programs maintain an UPC/PLU database with associated category and subcategory and amount of the unit of measure for each WIC authorized food item. The two Nevada WIC Programs currently are using the same UPC/PLU information for both programs. For all categories with the exception of the formula categories which require issuance and redemption by the specific subcategory, issuance may be for a specific subcategory within the category or it may be for the '000' broadband subcategory. The EBT system must only allow purchases according the selected subcategory if the subcategory is what is issued.

F. Approved Product List (APL) Procedures

The Nevada WIC Programs provide the authorized vendors with an Approved Product List (APL) via transmission from the WIC State Program Offices to the EBT contractor to each WIC vendor. The APL contains the complete list of the authorized products according to the products UPC/PLU data and will transmit redemption and other data to the MIS. A Not to Exceed (NTE) price for each item by assigned subcategory by peer group is maintained by the WIC staff using redemption data

obtained from the EBT contractor and the MIS. The WIC Programs UPC and peer group data is maintained in the Mountain Plains System Consortium (MPSC) MIS. The EBT contactor must be able to receive and process nightly batch files which will transmit updated data for EBT purposes.

G. UPC/PLU

The EBT system must accept food item activation and de-activation information including specific dates for specific UPCs and PLUs in the UPC database. The EBT system Administrative Terminal function shall allow authorized users to set activation and de-activation dates for specific UPCs.

H. APL Download

The EBT system must make the APL available for download by WIC vendors, designated agents and TPPs, as applicable, from a secure data retrieval site.

I. APL Access

The EBT system must provide authorized users with viewing access to the APL source data, including the ability to view APLs by specific dates.

At a minimum, the EBT system must abide by the following rules:

1. Upon validation, the EBT system must completely replace the existing UPC/PLU or NTE data in the APL with the updated data on the designated effective date;

2. Upon receipt of the APL file, the EBT system must validate that the date provided to deactivate the existing data is equal to or greater than the current date;

3. Upon validation, the EBT system must deactivate the existing data in the APL on the designated end date; and

4. The EBT system must allow the Cash Value Benefits (CVB) to be mapped to a single generic PLU or to multiple PLUs for the purchase of fruits and vegetables with the WIC food benefits.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.11 Maintain the EBT Accounts

A. WIC EBT Data for Transaction Processing

When receiving a transaction message, the EBT system must perform the following benefit use validation checks:

1. The UPC or PLU code presented for purchase is verified as a valid WIC approved product in the APL;

2. The category and subcategory of products and quantity units are available within the family's benefit balance for the correct foods and current benefit dates;

3. If the purchase is an allowed CVB, it is identified by its specific authorized PLU or mapped to a single generic code (i.e., 4469 for fresh fruits and vegetables);

4. The WIC EBT system must verify an existing benefit record so that the transaction can be properly posted; and

5. Redemptions need to be linked to the PAN in the EBT host system for redemption reporting and to ensure all Nevada WIC and ITCN WIC Programs' transactions are tracked separately.

B. Household ID and Status

The EBT system must accept data from the WIC MIS regarding the participants and HOH names, HOH birthdate, HOH address and all benefits issuances, voids and reissuances or any changes to this data. At a minimum, the EBT system must abide by the following rules:

1. The WIC EBT system must validate that the household account exists when card issuances or benefits issuances are received from the WIC MIS.

2. If the HOH account status has changed, the EBT system must change the account status.

3. If the HOH account is deactivated by the MIS, the EBT system must change the status of the card associated with the household as of the deactivation date.

C. Associate WIC Benefit Redemption Data

The EBT system must associate any and all WIC redemption transactions to the appropriate WIC EBA and card number. The EBT system must track and report upon via system canned

reports and EBT system access by select WIC staff based on privileges. The EBT system must also track all redemptions from ITCN WIC Program issued cards and benefits separate from those of the Nevada WIC Program.

D. Provide WIC Redemption History

The EBT system must provide the benefit redemption history for the specific WIC EBA. If the WIC HOH ID or EBA is sent with the request, the EBT system must return the benefit redemption history for the household. If the PAN is sent, the EBT system must return the benefit redemption history for the card.

E. WIC Benefit Issuance and Maintenance Requirements

The WIC EBT system must accept benefit issuance from the WIC MIS, in a real-time, online message or in a batch file transfer. Participant's benefit issuance from the WIC MIS will be aggregated at the household level and will indicate the household account number, the category and subcategory, quantity of unit of measure, and benefit availability start and end dates. Each benefit issuance will be assigned a benefit ID by the MIS. The WIC EBT account is therefore the record kept and maintained by the EBT system for each category/subcategory that the household receives.

At a minimum, the EBT system must abide by the following rules:

1. Validate Nevada WIC Programs' household ID and the EBA exist and are active;

2. Validate benefit ID is unique;

3. Validate benefit issuance records are correct in content and format, including a valid combination of category/subcategory codes and quantity of unit of measure;

4. Allow benefit issuance for current and future months but for no more than three (3) months;

5. Allow validation for only one month of benefits at a given time;

6. Validate benefit quantity (units available) on a given date does not exceed 999.99, the maximum balance which may be returned in an X9.93 Standards message;

7. Reject duplicate benefit issuance and remit a message to the WIC MIS informing the WIC MIS of the rejection and the reason for the rejection; and

8. Provide return message data to the MIS, notifying the user of accurate receipt of the data or any detected issuance anomalies.

F. Accept Benefit Voids and Reissuance

The EBT system must receive message or batch file data for voiding WIC food benefits for a HOH account voids from the WIC MIS for current month or future months. The EBT system must validate that the Benefit ID, beginning benefit date and ending benefit date exactly matches the benefit information in the EBA for the amounts of the categories/subcategories to be voided. The EBT system must only void the benefit if there is sufficient balance to post the entire void. A return message confirming the void or notifying the affected user of any detected benefit void anomalies shall be sent to the WIC MIS. After the void is completed, the EBT system must accept reissued benefits for the current and future months.

G. Maintain Benefit Balance

The EBT system must maintain the WIC benefit balance based on the availability dates received from the WIC MIS. Availability time shall be 12:00 AM Pacific Time on the date of availability. Expiration time shall be 11:59:59 PM Pacific Time on the date of expiration. At a minimum, the EBT system must abide by the following rules:

1. Benefit balance for each EBA shall be calculated upon receipt and processing of issuance, void and transaction files.

2. EBT system must accurately maintain EBA account balances by category/subcategory and amount of Unit of Measure.

3. EBT system must ensure that benefits reported as purchased are drawn from the appropriate category/subcategory and debited correctly for the amount of Unit of Measure for the UPC/PLU purchased.

4. In order to manage WIC staff access to the EBT system and to maintain system security, the EBT Contractor will be required to provide the WIC Programs' State Offices with a report of any clinic or State users who have been inactive for six (6) months. The WIC State Offices' staff will then determine whether to delete/inactivate the users.

H. Maintain Transaction History

The EBT contractor shall be required to maintain transaction history for all WIC accounts and provide access for the WIC Programs' staff at the clinics and the State Offices of the current account balances. The transaction history should include a rolling three year transaction history for each WIC account. Access to data older than three (3) years must be made readily accessible to authorized entities, as required for investigative and auditing purposes.

I. Benefit Authorization

To authorize benefits, the WIC clinics generate benefit authorization records, containing the participant and HOH ID numbers, benefit type, amount of category and subcategory and available amount of the standard unit of measure and available date for the benefits use. The participants' food package will be combined into a household food package. The EBT contractor shall be required to develop a file edit procedure to detect duplicate files, inaccurate benefits dates or incorrect issuance records. The system must conform to the MPSC interface and food benefit issuance protocol.

Account set-up and benefit authorization records received by real-time, daily, multiple daily and overnight batches must be processed and benefits made available to WIC households on the benefit availability date. In addition to overnight batch files, the EBT contractor must be able to accept batch files or account set-up and benefit authorization records sent through administrative terminals throughout the day.

J. Benefit Transfers/Food Package Changes

If requested through the use of the WIC MIS, the EBT contractor shall allow the debit and re-issuance of food benefit from one HOH account to another. The clinic staff will also be able to change an issued food package through the process of voiding existing benefits and replacing other food benefits. The EBT system must be able to accept the void and the reissuance of food package items for the current month and future months of WIC benefits.

K. Demographic Data

When the WIC MIS transmits demographic data, the EBT system must validate the integrity of identifying data (e.g., name, date of birth, etc.). The Nevada WIC MIS transmits to the EBT

system the following information associated with the unique household number:

- Name of HOH/cardholder;
- HOH/cardholder address; and
- Date of birth of HOH/cardholder.

The EBT system must provide functionality to change household demographics through a real-time, online message and through batch file transfers from the MIS.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.12 System Security

The EBT contractor shall assist WIC management staff in a physical security review for physical security and access control systems to the WIC clinics and administrative offices used to process cards, process data or house any sensitive data to those authorized personnel and authorized visitors. The EBT contractor shall ensure adequate security measures are in place to keep secure and confidential any WIC Program data.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.13 Manage WIC EBT Settlement, Transaction Processing and Reconciliation

The EBT contractor shall be responsible for the execution of WIC EBT settlement and reconciliation activities. EBT settlement and reconciliation shall be conducted in accordance with current Federal regulations as updated throughout the life of the contract and in compliance with FNS Reconciliation and Settlement Guidance. The EBT contractor's host system shall operate on a 24-hour processing cycle. At a designated cutoff time, each day (based on Pacific Time), the EBT contractor shall close out the current processing day and commence the next processing day. To support the settlement function, the EBT contractor or its designated financial agent must have an originating and receiving membership in the national ACH network. In order to promote the acceptance of WIC EBT transactions, the EBT contractor shall be required to provide evidence of its, or its designated financial agent's, ability to fulfill the settlement obligations specified in this RFP. Evidence may be in the form of financial statements, bonds, guarantees or other assurances.

The EBT contractor shall be required to develop procedures and reports that will enable the WIC Programs to complete the daily reconciliation and settlement verification processes. A comprehensive daily electronic report that reconciles all benefit transactions back to their original authorization and allows the

Nevada EBT and TANF Cash Benefit staff to easily ascertain the daily change in their outstanding obligations is required. This report, which is segmented by benefit type, would include: benefit authorizations, benefit redemptions, adjustments, non-Federal or non-State liabilities (i.e., Contractor liabilities), non-settling transactions, any other transactions that affect settlement, and the resulting settlement amounts.

The EBT contractor shall designate a standard daily cutoff time for EBT transaction processing. The 24-hour period between the cutoff time on day one and day two constitutes the EBT transaction day. The specified cutoff time must allow the EBT contractor sufficient time to originate ACH payments for next day settlement. The EBT contractor shall maintain ledger accounts at the client, provider, program, and local office levels. Subsequent to cutoff, the EBT system must be balanced and reconciled. The EBT contractor shall compute the end of day net position or balance for each general ledger account. For each account, the end of day net position is equal to:

Opening Balance + Credits — Debits = End of Day Balance

As part of system balancing and reconciliation, the EBT contractor shall determine the total amount of WIC Federal funds necessary to reimburse its accounts for the total credits due to EBT acquirers. The information generated during system cutoff and balance processing shall be used by the EBT contractor to prepare the daily settlement files. The EBT contractor shall specify procedures for maintaining audit trails throughout the reconciliation and settlement processes.

The Nevada Division of Public and Behavioral Health Fiscal Office is responsible for daily reconciliation and reporting to the Nevada State Treasurer's Office and FNS. The timely resolution of reconciliation issues is essential.

Prior to making any proposed change in reconciliation reports, processes or data displays, etc., the EBT contractor shall provide 90 calendar days advance notice to the State for review and approval.

The WIC Programs require ACH payment functionality to support the direct deposit of cash benefits into vendor-designated bank accounts. To support ACH payment services, the EBT contractor, or its designated Financial Agent, must have an ACH Originating Depository Financial Institution (ODFI) membership in the ACH network. The WIC Programs will send the EBT vendor ACH payment set-up or update information through batch files or through Administrative functionality. The Nevada WIC Programs will send the EBT contractor ACH payment information through the batch file process or host-to-host. The EBT contractor shall check for

duplicate files and records within the ACH process. The EBT contractor shall initiate the settlement of direct deposit payments through the settlement procedures. The EBT contractor shall maintain ACH activity records on client and provider accounts, including date, amount and banking information. This information is maintained by both the EBT processor and the WIC Programs.

A. The EBT contractor's WIC EBT transaction processing requirements shall include:

1. Accepting transactions coming from an authorized Vendor or TPP;

2. Authorizing or denying transactions;

3. Providing a response to the WIC vendor of the authorizing or rejecting of the transactions;

4. Printing a receipt with the amount purchased and the balance by category and subcategory with the card number truncated on the receipt; and

5. Logging all transaction details for subsequent settlement and reconciliation processing, transaction reporting, and for viewing through transaction history access using the EBT contractors EBT system.

B. The EBT contractor is responsible for ensuring that the WIC EBT system meets the processing requirements and criteria for WIC established by FNS. In order of precedence, the EBT contractor shall process EBT transactions in compliance with:

1. Federal regulations;
2. Nevada WIC policies and procedures; and
3. Prevailing industry performance standards.

C. If there is a conflict between the governing regulations and guidelines regarding a specific standard, the Nevada WIC Programs will determine the standard to which the EBT contractor must adhere. In determining the appropriate standard, the WIC Programs will allow consultation and input from the EBT contractor. However, the final decision will remain with the WIC Programs. In processing WIC EBT transactions, it is the responsibility of the EBT contractor to ensure that the WIC EBT system meets performance and technical standards and regulations in the areas of:

1. System processing speeds;
2. Availability and reliability;
3. Security;
4. Ease-of-use;
5. Minimum card requirements;
6. Performance; and
7. Minimum transaction set.

D. The EBT contractor shall comply with all relevant processing speed requirements as stated in 7 CFR §246 and as specified in ***Appendix E: Performance Standards***. The EBT contractor shall provide back-up purchase procedures for FNS authorized retailers when the EBT system is unavailable, both for unscheduled and planned outages.

E. The EBT contractor shall process, at a minimum, the following WIC transaction types:

1. Purchase (swiped or key entered);
2. Reversal of purchase;
3. Balance inquiry; and
4. Void.

F. No returns are allowed with the WIC benefits. If a WIC participant returns a product purchased with their WIC food benefits due to spoilage or damaged packaging, the WIC vendor can only exchange the product for the same product and can under no circumstances exchange for a different item category or return benefits to the EBT cards.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.14 Manage WIC Retailers and Retailer Transactions

For all WIC transactions, the EBT contractor must validate that the transactions originated at a WIC authorized retailer. Retailer transactions must be tracked and reports provided to the WIC Programs' staff defining the transaction detail by vendor.

A. The EBT system shall go through a series of checks and processes to determine whether a cardholder's transaction should be approved. These checks should include determining whether:

1. The merchant has a valid WIC authorization number;

2. The card number (PAN) is verified and the card is active;

3. The number of consecutive failed PIN tries has not been exceeded;

4. The PIN is verified as being entered correctly;

5. The account is active;

6. The EBT account holds a sufficient balance in the selected categories and subcategories of the food benefit for the household in order to satisfy the transaction request;

7. The food item is in the appropriate APL, (if a Nevada State WIC Program card, their APL and if an ITCN WIC Program card, the ITCN WIC APL) and only eligible foods for that cardholder and in amounts remaining in the current benefit for that card;

8. WIC transactions are only permitted within the valid benefit period; and

9. If any one of the above conditions is not met, the EBT system shall deny the transaction. The EBT contractor shall ensure that card's benefit accounts are not overdrawn and shall assume all liability if an account overdraft does occur. If the transaction is denied, the system must return a message to the WIC vendor indicating the reason for denial (e.g., invalid PAN, invalid PIN, insufficient food benefit balance, etc.). The EBT contractor must also provide to the WIC Program staff a summary report of denied transactions.

B. Adjustment for NTE

When authorizing a transaction, the EBT system must compare the WIC vendor's product price against the Not to Exceed (NTE) for the subcategory. The NTE used shall be the NTE in effect at the date and time of the transaction for the WIC vendor's peer group. The NTE calculations are determined by the WIC MIS and the WIC Programs to verify the calculations and transmit to the EBT system. If the product price is at or below the applicable NTE, the WIC vendor shall be paid for the product at vendors' claimed the price. If the product price is above the NTE, the WIC vendor shall be paid at the NTE.

C. Declined Food Items

The WIC EBT system must decline a food item for a WIC purchase if it is not listed in the Nevada WIC Programs' APL, if it is not a food item authorized in the WIC household account, or if sufficient quantities of the category/subcategory are not available in the WIC household account. The EBT system must provide an appropriate reason code for all rejected product transactions.

D. Number of Food Items

The EBT system must have the capability to process a maximum of 50 WIC items in a single purchase.

E. Mixed Tender

WIC EBT shall abide by the FNS defined Mixed Tender processes.

F. Invalid PIN Attempts

The EBT contractor's system must deny transactions if the PIN is input incorrectly. After three (3) consecutive invalid PIN attempts in one day, the card shall be temporarily blocked until midnight local time on the day the last PIN attempt occurred.

G. Key Entered Transactions

WIC will require key entered transactions.

H. WIC Programs Vendor/Retailer Issues

The EBT contractor shall be responsible for managing WIC authorized vendor EBT participation. The EBT contractor shall comply with Federal regulations in 7 CFR § 246.12 concerning retailer management and support. The EBT contractor's primary roles and responsibilities regarding WIC Vendor EBT functionality include:

1. Implementing an integrated WIC vendor system;

2. Providing every WIC-authorized vendor with the opportunity to participate in the EBT system;

3. Providing stand beside POS systems for retailers that are not integrated;

4. Signing either an EBT-only retailer agreement or a third party processor agreement for commercial retailers for all participating retailers (i.e., EBT contractor shall enter into an agreement with the retailer. WIC Program staff must approve the agreements prior to being sent to retailers and third party processors);

5. Certifying and de-certifying third party processors;

6. Assuring that the participating vendors understand their responsibilities with regard to WIC policy, operating rules, and operations of the EBT system;

7. Maximizing the use of existing commercial POS terminals;

8. Installing, maintaining and otherwise supporting Contractor provided EBT-only POS equipment as necessary in accordance with FNS policy for retailer participation as defined in 7 CFR; and

9. Providing Help Desk services to retailers for resolving issues/problems regarding as related the applicable EBT functionality.

I. WIC Vendor Data

WIC vendor data will be maintained by the WIC MIS and applicable WIC vendor data will be transmitted to the EBT system in a message or batch file transfer. At a minimum, the WIC vendor data transmitted to the EBT system must contain the mandatory data elements identified in the MIS-EBT Universal Interface:

1. EBT system must allow identification of WIC vendor hierarchy (e.g., the identification of corporate and supplier headquarters associated with chain stores);

2. EBT contractor shall be responsible for ensuring that each terminal is listed under its unique ID number;

3. WIC MIS will transmit, by message or batch file transfer, updates to WIC vendor data or the EBT contractor must obtain information from WIC vendors directly;

4. EBT system must transmit a batch file to the WIC MIS with WIC vendor updates; and

5. EBT system must maintain the confidentiality of WIC vendor financial institution information, bank routing information and other WIC vendor data

J. WIC Vendor Status

The EBT system must accept message or batch file transfers from the WIC MIS which includes the status or status update for a WIC vendor. The status of a WIC vendor may be “authorized”, “pending” or “de-authorized”. The EBT system must not accept transactions from any WIC vendor which is flagged by the WIC MIS as pending or de-authorized at the time and date of the transaction. The EBT system must have the capability to process the change in WIC vendor status. The EBT system must transmit a batch file to the WIC MIS with WIC vendor status updates.

The EBT system must accept corporate hierarchy information as it is maintained in the WIC MIS. Maintaining WIC vendor corporate information allows payments to a WIC vendor to be consolidated at a corporate level. The WIC MIS will provide a corporate ID and associate the corporate ID with each applicable WIC vendor.

K. Stand-beside WIC EBT Solutions

The EBT contractor shall train the WIC vendors that are provided with stand-beside POS terminals or solutions. WIC vendor training shall occur upon completion of solution installation and shall cover areas such as log on/log off, using the terminal for all types of WIC EBT transactions, and the settlement and reconciliation process. WIC vendors shall be provided with a user guide for managers, a tip sheet to provide managers and cashiers with an easy reference during transactions and the toll-free number for equipment support.

Upon request, those WIC vendors that use third party processors (TPPs) to acquire EBT transactions shall be provided with training information, such as that provided to WIC vendors with stand-beside equipment, to support corporate training.

There are not a large number of stand-beside WIC EBT POS terminals. However, the need does continue and the EBT contractor must support this need. Currently there are approximately 10 vendors with approximately 60 stand beside terminals.

L. Retailer and Third Party Acquirer Agreements

1. The EBT contractor shall enter into agreements to deploy and drive EBT-only POS terminals pursuant to this RFP and to act as third party processors (TPP) to all retailers who accept the EBT contractor-deployed POS terminal services.

2. For those retailers who choose to use or modify their existing equipment and either acquire the services of a TPP or serve as their own TPP, the agreement shall be to provide access to the EBT system by TPP and those retailers that self-process, or any other acquirer. TPPs are responsible for training their EBT retailers and for providing required EBT signage.

3. Third party and retailer agreements will be between the EBT contractor and the retailer or third party directly; the State is not a party to retailer/ TPP agreements. The agreements will describe the terms and conditions regarding the arrangements for use of the POS equipment and the operating procedures

and rules. At a minimum, the agreements must include language that requires:

a. Compliance with Supplemental Nutrition Assistance Program regulations;

b. Compliance with ANSI X9.93-2014, ISO 8583 and ISO 9510;

c. No assessments for authorization and settlement processing for EBT transactions;

d. Only WIC authorized vendors may perform WIC transactions;

e. Third party processors must provide a list of retailers under contract to them that accept the EBT card within the State and the list must be updated on a periodic basis;

f. TPPs will be required to load and update the BIN for the Nevada WIC Programs; and

g. Retailer and third party processor agreement language shall be reviewed and approved by the WIC Programs' staff prior to use.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.15 System Operations Manual for WIC

A. The EBT contractor shall provide a System Operations Manual. This manual shall include a description of all functionality and procedures to be completed by WIC Programs' staff to provide WIC EBT system operations. The manual must be available to WIC in hardcopy form and electronic form and be available during UAT to test for completeness and accuracy of the functional description. The WIC EBT System Operations Manual shall include at a minimum the following:

1. Glossary of terms;

2. Staff contacts for the EBT contractor (name, area of expertise and contract information);

3. System Operations Manuals for all WIC Programs' staff who will be provided access based on their security roles;

4. Descriptions of message-based transmissions;

5. Descriptions of batch files and the times of transmission;

6. Descriptions of receipt and error messages;

7. Web Portal configuration and procedural descriptions for use;

8. IVR configuration and procedural description for use;

9. Help Desk procedures for problem resolution and escalation procedures, including contractor's staff assignment for error resolution;

10. Description of settlement and reconciliation processes;

11. Description of procedures to complete administrative functions; and

12. Other procedural descriptions, as needed.

B. The WIC Systems Operations Manual must include sections for the following functional areas:

1. Problem Resolution and Escalation Procedures: The problem resolution and escalation procedures shall define the process by which the WIC Program staff will report system and operational problems to the EBT contractor and the process by which problems will be resolved and the resolution reported back to the Programs. The procedures shall include a priority scheme for identifying the relevant severity of the problem and the expected timeframes for resolution based upon the designated severity.

a. At a minimum, severe problems (problems which impact the WIC Programs or its retailers to conduct business) shall be addressed immediately upon notification and the EBT contractor shall provide hourly updates to the WIC staff until the problem is resolved.

b. For moderate problems (problems that impact some functionality but do not impact the ability to conduct business), the EBT contractor shall resolve within two weeks and provide daily updates until the problem is resolved.

c. For minor problems (minor bugs that do not impact major functions or the ability to conduct business) the EBT contractor shall resolve the problem within four

weeks and shall provide weekly updates until the problem is resolved.

C. WIC Settlement and Reconciliation Procedures Manual: The EBT contractor shall provide a Settlement and Reconciliation Procedures that provides the procedures required for the WIC Programs to perform a daily reconciliation of the EBT contractor's EBT system to align with the requirements of Federal regulations. The manual shall identify the specific settlement and reconciliation reports including formats and data elements.

D. WIC Staff Administrative Functions Procedures: The EBT contractor shall provide an Administrative Functions Manual, developed in cooperation with WIC Program staff that provides guidance and procedures for State Office staff on administrative functions. The WIC Programs require that electronic copies of the final, approved manual be provided in Microsoft Word or appropriate media as specified by the WIC Programs.

E. WIC EBT System Reporting: The EBT contractor shall provide the WIC staff with a Reports Manual that details all WIC reporting requirements, report descriptions, methods and reporting schedules. The Reports Manual shall include report objectives, a definition of the data elements, the algorithms used to calculate values, and report formats. To support ongoing operations, the EBT contractor shall provide and maintain a WIC EBT System Reports Manual. The manual shall define the reports that are standard reports run using the WIC EBT data, the steps to run the reports, the report generation frequency and the means to complete ad hoc reports.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.16 WIC Training

The EBT contractor shall provide necessary training and training materials so the Program staff has knowledge regarding to how to access the available EBT functions on the administrative terminal. The EBT contractor shall provide a User Guide to assist staff in local offices/clinics, and a Tip Sheet to provide staff with an easy reference for EBT operations, including use of the PIN selection terminals.

The EBT contractor shall develop an electronic training manual that Program staff can utilize after training. The manual will allow staff to search for specific topics and quickly obtain information that will assist in performing their job duties.

The EBT contractor shall provide written training materials for the WIC State Office staff. Training materials shall cover EBT system functionality as it applies to the job functions of WIC staff and retailer EBT operations. The EBT contractor shall maintain the training materials and make revisions whenever the EBT system

functionality is modified. The original and updated training materials shall be provided to the WIC Program staff; the electronic copies shall be in Microsoft Word format or appropriate digital media as specified by the WIC Program staff.

The EBT contractor will provide training to all necessary WIC staff regarding the use of the WIC Program EBT system. The EBT contractor shall develop a Project-Wide Training Plan and program-specific training materials that address the training requirements of the WIC Programs' State Offices, WIC local agency and clinic staff, WIC retailers, and WIC participants.

The Project-Wide Training Plan will address the training needs of the WIC Programs, in addition to the other Programs included in the Project.

A. Training Sessions

The EBT contractor shall provide the necessary training and training materials so the UAT participants, local clinic staff and the Programs' State Office staff for each program knows how to complete the EBT functions. WIC staff shall be provided with a user guide, a tip sheet and frequently asked questions and answers to assist staff with easy reference for EBT operations. The EBT contractor may also provide additional training materials which would be helpful in effective efficient training. Training should also include the means to access the EBT system to look up card balances and perform other EBT details to assist the WIC participants with error resolution.

B. Customer Service Training

The WIC Program staff will approve training the EBT contractor will provide to the Customer Service Representatives who will answer calls regarding WIC EBT issues.

C. Training for Functional Areas

This section provides a description of each type of training for the WIC Programs that the EBT contractor will be expected to provide:

D. WIC UAT Training

In order to participate in the WIC UAT, members of the UAT Team will need to understand the end-to-end operations and functions of the EBT system and the UAT protocols. The EBT contractor shall provide UAT training during the week prior to the UAT, using training materials prepared specifically for the UAT training session.

E. WIC System Operations Training

The EBT contractor shall provide appropriate WIC Programs State Office staff and WIC clinic staff to be involved with the in-person training in the following areas:

1. System operations;
2. Security administration;
3. Settlement and reconciliation;
4. Reports, data analysis and ad hoc reporting;
5. Fraud investigation;
6. Card Ordering;
7. WIC clinic EBT operations; and
8. Retailer operations/procedures.

F. Train-the-Trainer Training for WIC Operations

It is not the responsibility of the EBT contractor to train clinic staff on WIC MIS operations. However, WIC clinic staff will require training materials that encompass issuance and use of the card. The EBT Contract shall provide "Train the Trainer" for WIC Program staff to train clinic staff. Also, the EBT contractor must provide training materials that are sufficiently in detail to provide clinic staff with the tools necessary to train participants regarding the care and use of the WIC EBT card and redemption of benefits at the store. The EBT contractor shall work with the designated WIC Program staff to design the training materials to meet the needs of the WIC staff in their provision of WIC clinic staff training. The EBT contractor will develop appropriate training material that will be used during "Train the Trainers" training sessions and subsequent WIC clinic training sessions provided by the WIC Programs' trainers.

The EBT contractor shall provide in-person training to WIC trainers who will serve as "Train the Trainers" for completion of training for the clinic staff. Training will include all EBT operations, with emphasis on new and/or unique features of the EBT system for WIC clinics and for retailer operations and procedures.

The EBT contractor shall provide training for the WIC "Train the Trainers" in areas including, but not limited to:

1. Card issuance and replacement for cardholders;
2. 'Statusing' cards;
3. PIN selection;
4. Account set up and benefit issuance;
5. Card status updates and card replacement;
6. Benefit issuances and changes (voids and replacements);
7. Access to current benefit balance;
8. Access to transaction data;
9. Access to reports and reconciliation data;
10. Use of the participant training materials; and
11. Administrative usage and controls.

G. Customer Service Staff Training for WIC Services

The EBT contractor shall provide an initial and ongoing training courses for its customer service representatives (CSRs) on all applicable aspects of customer service responsibilities necessary to address the customer service needs for the WIC EBT system users. The WIC Program staff will approve the training course materials. WIC staff shall also recommend additional training if situations occur in which the CSRs appear to not be knowledgeable in the area of WIC EBT issues handled by the CSRs.

H. Reconciliation Training for WIC

The EBT contractor shall provide reconciliation training to designated WIC staff or their representatives. The training shall be updated as needed during the course of the contract to reflect changes to the reconciliation reports, processes or data displays.

I. WIC Vendor Training

The EBT contractor has the sole responsibility for WIC vendor training materials as they relate to EBT. The EBT contractor shall provide all WIC vendors with informational materials on transferring files between the WIC vendor ECR/POS system or stand-beside POS solution and the EBT system. These files may include the vendor transaction transmissions, the Auto-Reconciliation File (ARF), and/or the Approved Product List (APL). Training shall include WIC vendor reconciliation between the WIC vendor system and the approved payment from the EBT system, settlement policies as they pertain to authorized transactions or upload of the vendor transaction transmissions, and the download of the APL.

The WIC Program staff will provide all Nevada WIC vendors with information pertaining to the importance of downloading the current APL, of maintaining the information within the WIC APL and the process for providing the WIC Programs with

updates to the APL contents. If requested, the EBT contractor shall support the WIC Programs by reviewing the WIC authorized vendor materials (e.g., vendor contract, newsletters) for accuracy as the content pertains to the EBT system operations. The EBT contractor shall include any WIC Program training materials in its training sessions and disseminate information to WIC authorized vendors when requests concerning these processes are received.

J. WIC Training Materials

The EBT contractor will provide to the EBT Programs' management staff, a description of training and training materials providing content that is appropriate for the needs of the WIC Program staff, participants and retailers.

The EBT contractor will not be expected to produce training materials for the purpose of training the WIC participants on how to use their EBT cards for the purchase of their WIC food benefits. The EBT contractor will produce in draft and then final form the training materials necessary to complete effective trainings of the State Office staff and for use with State Office staff directed training sessions for the WIC authorized Vendors and the WIC clinic staff.

The EBT contractor shall provide instructional materials and training in a format acceptable to WIC Program staff about the system administrative and reporting functions to be used by Program staff. The material and training must cover card issuance and usage, and benefit delivery, accessing the administrative terminal functions, security features within the system, and detailed explanation of the screens and functions supported by the application.

K. WIC Vendor Training Materials

The EBT contractor is responsible for completion of training and provision of user materials for WIC retailers that are provided with stand-beside solutions and for providing training materials for WIC retailers with integrated electronic cash register (IECR) systems. The materials shall define all features and functions which are new for the new EBT system over the current CDP/FIS EBT system. The retailers shall be provided with a tip sheet for use during EBT transactions. The training materials in general will include the introductions to and all applicable changes for settlement and reconciliation processes. The training materials shall also address required timeframes, downloading the APL, providing updated UPC information to the WIC Programs and the ARF. Training shall also include the use of the WIC Vendor Web Portal.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.17 WIC Program Customer Service Requirements

The EBT contractor shall provide 24 hours per day, seven days per week toll-free telephone access to live Customer Service Representatives and an IVR via a toll-free phone number. Customer Service Representatives must be available who are fluent in English and Spanish and competent in operation of Text Telephone (TTY) or other available services for telephone communication with deaf/hard of hearing cardholders.

A. Types of Customer Service

1. The EBT contractor shall provide the Customer Service for WIC staff, WIC cardholders and WIC authorized EBT Vendors. The EBT contractor will provide CSR user manual(s), scripts and training materials to support the provision of customer service for the WIC EBT system users. The WIC staff will assist the EBT contractor in the development of the training materials that the Customer Service Representatives (CSRs) will utilize in the provision of customer service support. The EBT contractor shall ensure EBT contractor CSRs are trained to respond to inquiries and complaints received from cardholders and EBT system users.

2. The EBT contractor shall provide an IVR unit for WIC cardholders to inquire about:

   a. Benefit Issuances;
   b. Current balance;
   c. Recent account history;
   d. Checking card status;
   e. Adding a PIN; and
   f. Changing a PIN.

3. IVR customer service scripts to be used to address questions from WIC cardholders will be created by the EBT contractor but must be approved by the WIC Programs' Staff. Customer service must be available, at all times during business hours, in both English and Spanish.

4. The EBT contractor must provide TTY (Teletypewriter) capability to cardholders with hearing disabilities, and Help Desk support for clients using rotary phones. IVR and/or Customer Service Representatives shall support the following WIC cardholder customer service functions:

a. Current Balance Inquiry: Current Balance shall provide real-time account balance information;

b. Transaction History: Transaction History shall provide the last ten (10) transactions by benefit program;

c. PIN Selection or PIN Change: WIC Program cardholders shall have the option of selecting or changing their PIN via a single call to the IVR;

d. Benefit Access/Service Points: Callers shall be given up-to-date information about WIC authorized vendor locations where their WIC benefits may be purchased;

e. Benefit Availability Date: Callers selecting this option shall be given the date benefits will become available based on the issuance schedule supplied by the WIC Programs; and

f. Assistance with Customer Service Website: Assistance shall be provided for WIC cardholders having trouble accessing or using the Customer Service Website.

B. The EBT contractor will be required to record all reported issues, whether from the cardholders, the vendors or the WIC staff. The error log should include, at a minimum:

1. The name of the person reporting the issue;

2. The name of the person receiving the reported issue;

3. An assigned issue tracking number;

4. The date the issue was reported;

5. The severity of the issue;

6. The details of the issue;

7. The plan for resolution;

8. Error correction completed or in progress;

9. The time the reporting person will receive the assigned tracking number and status;

10. The date that the person reporting the issue is due to receive progress of resolution; and

11. Final resolution of the issue.

C. If benefits are not able to be provided due to the reported issue, the CRS team must respond within one (1) hour, of the initial report and each hour after until the issue is resolved or a temporary solution is found. For all other issues, the CRS team will track and report the issue with pertinent data (i.e., tracking number, resolution progress, etc.) via phone, email or hardcopy reports throughout the issue resolution process. The EBT contractor shall also provide IVR and Customer Service Center error tracking logs and general activity data reports on a weekly basis.

D. Customer Service Representatives

The EBT contractor shall provide English and Spanish speaking CSRs to resolve cardholder issues that cannot be resolved by the IVR. The EBT contractor shall provide sufficient CSR capacity to meet the contractual service standards for cardholder calls referred to a CSR. CSRs providing the full range of cardholder customer service functions shall be available 24 hours per day, 7 days a week. CSRs must be able to view account demographic data to verify identity of the caller. All updates to account demographic information shall be initiated by Nevada EBT Program staff. CSRs shall not accept or modify client demographic information and shall instruct the participant to contact the local agency/office.

E. Interactive Voice Response (IVR)

The WIC Programs' staff shall review and approve the transaction flow and content of all IVR messages, prompts, and customer service scripts during UAT and at any time the messages, prompts and scripts are changed. The EBT contractor shall not change IVR messages, scripts or menu functions without prior written approval of the Program or Programs effected.

The EBT contractor shall test and implement its IVR system, live customer service support and participant web portal to support participants during system testing and UAT. The WIC staff requests the ability to listen to live calls made to the customer service support line. The WIC staff will randomly request time to monitor these calls to ensure that proper instructions and information are given to WIC Program participants, as well as monitoring response time.

F. Cardholder WEB Portal/Website

The EBT contractor shall provide a customer service website for the WIC cardholders. The functionality of the WIC cardholder website shall be the same as the functionality for the cardholder Customer Service. The WIC staff shall review and approve the website during UAT and at any time before the EBT contractor implements changes.

G. Vendor/Retailer Customer Service

1. The EBT contractor shall provide Retailer Customer Service support via a manned Help Desk during normal business operations and IVR access via a toll-free number, 24 hours a day, 7 days per week and a Web Portal. Retailer customer service support shall include support for all authorized WIC vendors.

2. The EBT contractor shall ensure through technical design, resource allocation, and staffing each retailer call is answered in accordance with specified Performance Standards. Refer to ***Appendix E: Performance Standards***.

H. The EBT contractor WIC vendor customer service call center shall be:

1. Toll-free and without charge or fee to the WIC vendors;

2. Accessible to all WIC vendors;

3. Used exclusively for WIC EBT Vendor support;

4. Operated and staffed in a financial industry standard manner;

5. Not limited for the number of calls a WIC vendor makes; and

6. The WIC staff shall review and approve the sources of customer service content and operations before the EBT contractor allows retailer access.

I. State Office and Clinic Staff Assistance

The EBT contractor shall provide State Office and clinic staff with assistance via a toll-free number or the EBT contractor provided IVR and web site. Select WIC staff with security access, based on the Program management staff security role assignment, should have the ability to access technical assistance via the EBT contractor provided customer service avenues including the toll- free Customer Service Center. The EBT contractor shall not place limits on the number of WIC State Office and local clinic staff members who have access to the

CSC. The Customer Services Center must be operational from 8:00 AM through 6:00 PM Pacific Time, Monday through Friday, excluding State and Federal holidays. WIC staff shall be provided with a password so that the client IVR can be bypassed and staff will be provided with immediate and appropriate assistance from a live CSR. Technical assistance for WIC staff shall be available during normal WIC clinic business hours, Monday through Friday, excluding State and Federal holidays.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.18 WIC System Reports and System Data

A. The EBT contractor will generate summary and detailed management reports. The following, at a minimum, are required to be provided on a schedule determined by the Nevada State WIC Program and the ITCN WIC Program:

1. Statistical reports;

2. Financial management reports;

3. Vendor management reports;

4. APL reports;

5. Cardholder account reports;

6. Cardholder transaction reports;

7. Retailer redemption reports; and

8. Settlement and reconciliation reports at the summary level for each Nevada WIC Program.

B. Reports shall be provided electronically via electronic data files and through a data warehouse or web services. All reporting data (i.e., daily, weekly or monthly) must be based on Pacific Time to avoid confusion with end of day times that may be different from the State of Nevada.

C. The WIC Program staff shall have approval rights over all standard reports and data files being provided by the EBT contractor. All report formats and report data will be tested during UAT and validated by the Program staff prior to statewide rollout.

D. Daily and Monthly Activity Data Files

The EBT contractor shall provide a comprehensive set of daily and monthly activity files to the WIC staff reflecting all

transactions or account actions that impact WIC EBT account balances or account status.

E. Standard Reports

The EBT contractor shall be responsible for producing periodic (daily, weekly, and monthly, as appropriate) standard reports for transmission to the WIC Programs and USDA-FNS. Standard reports provided to the WIC Programs and USDA-FNS electronically shall use standard ANSI carriage controls for controlling the formatting of reports being printed.

F. Statistical Reports

The EBT contractor shall provide statistical reports to assist with the management and reporting capacities of the WIC Programs' EBT system, including, but not limited to, redemption and rebate reports. The EBT contractor should also suggest, in addition to the reports detailed in this RFP, other reports that will help with the management of the EBT system.

G. Data Warehouse

1. The EBT contractor shall be required to provide the WIC Programs with an electronic repository serving as a data warehouse of all transactional data relating to the WIC EBT system. The data warehouse should be designed in such a way that it facilitates the WIC Programs' ability to derive reports and perform analysis of data from EBT operations. The EBT contractor shall be required to provide data warehouse capability that will allow appropriate State Office staff to access the data warehouse through on-line system access. ***See Appendix F: Data Warehouse***.

2. The Contractor shall provide a WIC Data Warehouse User Guide and maintain a browser-based Data Warehouse application. Following successful login of an End User and before displaying any System Data, the Data Warehouse application shall require the End User to accept a State-approved terms of usage message stating that Data is confidential, system access is logged, and system use is for business purposes only. If the End User does not accept the terms of usage, the Data Warehouse application shall log the End User out and display the login page.

3. The Data Warehouse application shall use a data repository that is independent of the EBT Host Systems. The Contractor shall partition and secure the Data Warehouse Data in such a manner as to ensure that only State-identified End Users can access, view, query, and download the Data.

4. The Data Warehouse application shall include all Data available in:

   a. The WIC EBT administrative application.
   b. WIC EBT End User activity logs.
   c. WIC EBT batch Files.
   d. WIC EBT Reports.
   e. Cardholder Website End User activity logs.
   f. Retailer Website End User activity logs.
   g. FNS REDE Files.

5. The Data Warehouse application shall retain Data for a minimum of five (5) years. The Contractor shall archive, on an ongoing basis, Data that is five (5) years or older, and make the archived Data available to the State, upon request, within five (5) Business Days.

6. The Data Warehouse application shall allow End Users to display an executive management dashboard that displays summary information identified by the State in the form of graphs and charts.

7. The Data Warehouse application shall allow End Users to display Data using ad hoc queries. The Data Warehouse application shall allow End Users to create ad hoc queries using a drag-and-drop tool. The Data Warehouse application shall allow End Users to save ad hoc queries.

8. The Contractor shall provide Data Warehouse specific End User support between the hours of 8:00 am and 5:00 pm Pacific Time Monday through Friday.

9. The Contractor shall provide up to one hundred (100) hours ~~of agreed-upon changes to the Data Warehouse~~ **for WIC** at no cost to the State each calendar year, with unused hours carried over to subsequent calendar years through the end of the Contract. Time for the Contractor to correct Data Warehouse defects or performance-related Data Warehouse issues shall not count against the one hundred (100) no-cost (to the State) hours of agreed-upon changes per calendar year.

10. The Contractor shall provide a statewide data conversion Transition Strategy Plan for all current accounts (Nevada

WIC, ITCN WIC, and SEBTC) which will be used to transition processing from the current Nevada Legacy EBT Contractor to the Contractor. The Nevada Legacy EBT Contractor is responsible for the correctness of the data and will provide complete and timely support for development, testing, and validation of the conversion processes and technology.

The Transition Strategy Plan will include, at a minimum, the following:

a. Acceptance of flat files from the Nevada Legacy EBT Contractor in an agreed upon specification that contains all required data fields.

b. Creation and/or use of software to load the flat file data into the Contractor's database. Only current accounts, cards, and benefits will be converted.

c. Reconciliation of converted data loaded into the Contractor's database with the control totals provided by the Nevada Legacy EBT Contractor.

d. Collaboration with the Nevada Legacy EBT Contractor to determine when the data conversion will take place and the length of downtime required to transition the data.

e. Additional strategies should be included in the Transition Strategy Plan by the Contractor.

H. Ad-hoc Reporting Capability

To make use of the Data Warehouse functionality, the EBT contractor shall be required to provide the WIC State Office staff or Nevada statisticians with a robust ad-hoc reporting capability. The EBT contractor may propose a web based reporting application, an on-line reporting application, a commercial off the shelf (COTS) reporting package, or any other solution or data access that would address the needs of the Programs.

The ad-hoc reporting capability must provide access to transaction history data and the data warehouse. The EBT contractor shall provide parameter-driven access to permit, at a minimum, data inquiry, sorting and extraction capability as follows:

1. By account, summary credit, debit, and current balance information;

2. By account, detail information on all WIC transactions for a specified period of time, listing such details as date, time, location, and amount;

3. By account, detail information on all transactions for a specific retailer terminal; and

4. Due to changing and evolving business needs, the report formats and data requirements of the Programs and the Federal agencies are subject to change. Therefore, a comprehensive EBT Data Warehouse and Ad-hoc Reporting Tool must accommodate evolving reporting requirements that the EBT contractor shall be required to support.

Following is a list of Reports, by general description, that will be needed for the operations of the WIC EBT System. The vendor should define in their proposal how their system will produce the required reports.

I. Daily and Monthly Activity Files/Reports

The EBT contractor shall provide a comprehensive set of daily account activity data files reflecting all transactions or account actions initiated by the Program staff via batch and/or on-line during an EBT processing day, on behalf of the Program by the EBT contractor, or initiated by cardholders. The reports shall provide detail for every transaction that impacts an EBT account balance or account status. The reports shall show the amount of the transaction, type of transaction, date and time of transaction, and who originated the transaction (batch or online).

1. Benefit Redemption Reports

The EBT contractor shall provide a Daily and a Monthly WIC Benefit Redemption Report. The reports shall identify all benefit redemption activity for each processing day and for the month. The report shall indicate total number of redemptions, number of debits, number of credits, value of debits, value of credits, value of non-settling transactions and net benefit redemption amount.

2. Benefit Authorization Reports

The EBT contractor shall provide a Daily and a Monthly Activity WIC Benefit Authorization Report. The reports shall identify all authorization activity for each processing day and for the month. This includes all activity to authorize, cancel, repayments, and report aging, whether the transaction was initiated at an administrative terminal, through the batch

files, or the aging process. The reports shall reflect all transactions that affect the values in the database.

3. Terminal Reports

The EBT contractor shall provide a Daily and Monthly WIC Activity Terminal Report. The reports shall identify all benefit authorizations, purchases by card for each business day and for the month. This includes all activity POS terminals and balance inquires. The reports shall be segmented by clinic and then by PAN.

4. Summary Reports

The EBT contractor shall provide a Daily and Monthly Activity Summary Report of WIC activity. The reports shall summarize all the activity reported on the Daily and Monthly reports. The summaries are used in the settlement process.

J. WIC Rebate Analysis Report

The EBT contractor shall provide a monthly WIC rebate analysis report. This must detail all UPC sales of WIC authorized products flagged for rebates. The report must include the total 'rebate-able' product sales by category, subcategory, UPC, UPC total quantity redeemed, UPC average sale price and total sale price.

K. WIC Vendor Reports

The EBT contractor shall provide detail and summary reports to provide the WIC Programs' staff detail regarding the authorized WIC vendors. Those WIC Vendor Reports shall include:

1. Detailed information on all WIC transactions for a specified period of time, (i.e., purchases by category/subcategory/UPC; account numbers, retailer, terminal/POS identification, dates, times, and amounts);

2. Detailed information on all transactions for a particular account;

3. Detailed information on number of transactions per day, week and month by vendor;

4. Transactions by transaction sequence number;

5. Summary data of approval or denial response codes of WIC transactions; and

6. Summary data of all WIC authorized vendor transactions for specified period of time, by vendor location, chain, total sales and total sales by category/subcategory and UPCs by price.

L. Settlement Reports

1. The EBT contractor shall provide a daily WIC System Settlement Report. This report shall provide at a summary level the total funds that settled for the processing day by WIC clinic issuance, WIC vendor and requiring funding. This report shall balance to the totals from the terminal activity reports.

2. In addition, the EBT contractor shall also be required to develop procedures and reports that will enable the WIC Staff to streamline their Program's reconciliation and settlement verification processes. A comprehensive daily electronic report that reconciles all benefit transactions back to the original authorization and allows the WIC Programs to ascertain their daily change in their outstanding obligations is preferred. This report, segmented by benefit type, will include:

   a. Benefit authorizations;
   b. Benefits pending;
   c. Net benefit redemptions;
   d. Benefit voids;
   e. Any other transactions that affect settlement; and
   f. Resulting settlement amounts.

M. Financial Reports

The EBT contractor shall provide daily and monthly financial reports, which are those reports needed by the WIC Programs in order to account, reconcile and balance, and audit the EBT system processing and operations. Financial Reports must include the following:

1. Benefit draw-down total report detailing daily settlement information by benefit type;

2. State-issuer report showing WIC financial activity for a business day, including the daily financial total to be settled; and

3. Benefit drawdown totals showing redemptions by category and subcategory.

N. End of Day Database Balance Reports

The EBT contractor shall provide daily and monthly End of Day WIC Database Reports. The reports shall provide the value of the outstanding liability for unused benefits residing on the EBT system at the end of the processing day (according to Pacific Time). The ending balance for the previous day shall become the beginning balance for the current processing day. Account activity shall include, but is not limited to, opening balances, purchases, and closing balances.

O. WIC Reconciliation Report

The EBT contractor shall provide a WIC Agency Reconciliation Report. This report shall provide proof of the WIC Programs' reconciliation. This report shall reflect the current settlement total less the previous balance plus the current balance suspense to equal the daily activity.

P. Bank Detail Activity and Summary Report

The EBT contractor shall provide a Daily Vendor Payment Details and Summary Report for WIC transactions and payments. This report shall summarize all WIC vendor transaction activity.

Q. Billing Reports

The EBT contractor shall provide the Nevada State WIC Program and the ITCN WIC Program electronic format detail reports substantiating the monthly billing of monthly active accounts for WIC EBT services. The billing reports shall include detail information to allow the WIC Programs staff to validate the bills for the monthly EBT services.

R. Administrative Activity Report

The EBT contractor shall provide a daily Administrative Action Report that lists all administrative actions attempted and completed either by the system or users logged onto the EBT system. The report shall identify the transaction type and the EBT account affected. Administrative actions include, but are not limited to, account set-up, benefit authorization, update to client demographic, case, or account data (e.g., recipient name or address), account closure, card or PIN issuance, benefit transfers, authorized representative cardholder add or update, and change of participant/household ID on pending cards/accounts.

S. WIC Cardholder Transaction Reports

The EBT contractor shall provide a daily report that lists all WIC benefit transactions initiated and completed by a WIC cardholder. The reports shall identify the cardholder name and card number, address, WIC ID number, the amount of the transaction and the transaction type. The reports shall also define detail and summary data of the number, dollar amount, average dollar amount and percent of total for transactions by terminal type. A WIC Family Utilization Report shall also be included in the transaction reports that outline the utilization of benefits at the category level for all active cardholder accounts.

T. Invalid Card Attempts

The EBT contractor shall provide a monthly report that lists all transaction attempts using an invalid card. The report shall include cardholder name, ID or case number, vendor/retailer ID, vendor/retailer name and location, terminal ID, date and time.

U. Inactive Cards Report

The EBT contractor shall provide a monthly report of all WIC issues cards that have shown no activity for two (2) or more months. This audit report shall include at a minimum the card number, the WIC participant/family name, the WIC ID(s) and the last date used.

V. WIC Transaction Denial Summary Reports

The EBT contractor shall provide a monthly statistical report that provides details of the denied transactions, the number and percentage of WIC EBT transactions denied and the reason for the denials (i.e., non-sufficient category of food, etc.)

W. Invalid PIN Attempts

The EBT contractor shall provide a monthly report of WIC cardholders that have conducted three (3) invalid PIN transactions with a 24-hour processing day during the month. The report shall provide cardholder name, card number, retailer name, retailer location, retailer ID, terminal ID, date and time.

X. Fraud Detection Reports

The EBT contractor shall recommend a set of fraud reports to help the WIC Programs' staff manage and detect potential fraud. Examples of such reports the Program can anticipate are even dollar transactions, excessively large dollar transactions, multiple withdrawals on the same day, large amount or recurring refunds and credit transactions, and manual transactions. The

EBT contractor should also recommend other fraud reports which would be beneficial to the WIC Programs.

Y. Manual PAN Entry Report

In the event that manual PAN entry is completed by the EBT Vendor, the EBT contractor shall provide a monthly report by vendor terminal, listing the card PANs that were manually entered rather than swiped. The report shall list the card number, case number, vendor ID, terminal ID, clerk ID, transaction date and time, transaction type, rejection code, and the transaction amount.

Z. Reports Required by FNS

If requested by the WIC Programs' staff, the EBT contractor shall provide additional WIC Programs reports to meet FNS requirements. These requirements may include, but are not limited to, reporting changes in retailers' financial institutions, a report on POS information which includes terminal identification, and a report of commercial retailers by TPPs.

AA. Batch/Processing File Reports

The EBT contractor shall propose a standard set of processing reports to be used by the EBT contractor and the Nevada WIC Programs to ensure the complete and accurate transfer of data during batch processing.

The Batch Processing Reports shall include a summary report by WIC file transmission that provides a confirmation for the processing of the batch file(s) or other transmitted files. The summary report shall contain summary verification data, including the total number of records received in the batch and the number of records by record type. The report shall contain a summary of the processing of the transmission (i.e., number of records accepted and number of records rejected). The EBT contractor shall submit batch confirmation reports to the WIC Programs within one (1) hour of processing the file.

The EBT contractor shall provide exception reports for all batch files received by the WIC Programs. Batch exception reports shall contain a listing of all records received within a batch which were not processed by the EBT contractor and verification of the comparison of reports to prevent duplicate files and records. Each record included on the exception report shall have a corresponding reason code indicating the cause of the rejection. In particular, duplicate case exceptions shall be clearly identified. The EBT contractor

shall submit batch exception reports and/or records to the Program Staff within 30 minutes of processing the file. The EBT contractor shall provide details of any transaction processing that were identified and flagged for review/resolution.

BB. System Response Time Reports

The EBT contractor shall provide monthly reports summarizing EBT Host response times within pre-established tiers for WIC cardholders, WIC vendors and WIC staff transactions. The reports shall include:

1. Average daily response indicating the number of transactions for the day, the average transaction response time for the day and the number of transactions completed within one, two, or three seconds and greater than three seconds for the day

2. By hour of the day, the number of transactions completed in one, two, or three and over three seconds.

The reports will be used to monitor the EBT contractor's compliance with host response times. The EBT contractor shall also provide monthly reports providing response times for administrative screens.

CC. Scheduled System Maintenance Reports

The EBT contractor shall issue a monthly report providing the system maintenance schedule for a rolling six (6) month period.

DD. Host System Availability Reports

The EBT contractor shall provide a monthly report summarizing EBT Host system availability. The report shall detail all instances of host system down-time, including the reason, duration of down time and whether the down time was scheduled or unscheduled. The report shall be used to monitor the EBT contractor's compliance with host system availability requirements.

EE. EBT System Availability Reports

The EBT contractor shall provide a monthly report summarizing availability of the entire EBT system, to include any services provided by the EBT contractor or any subcontractors, including but not limited to, the central host system, network, intermediate processing facilities and interface or gateway. The report shall detail all instances of

down-time, including the reason, duration of down-time and whether the down time was scheduled or unscheduled. The report shall be used to monitor the EBT contractor's compliance with EBT system availability requirements and Performance Standards.

FF. Non-System Performance Reports

The EBT contractor shall be required to provide a reporting mechanism to keep Nevada EBT/Debit Card Program staff apprised of Contractor performance on non-system performance standards. Non-system performance standards are specified in ***Appendix E: Performance Standards***, and include but are not limited to:

1. Inaccurate transactions;

2. Customer and retailer calls answered within specified timeframe;

3. PIN selection equipment replacement timelines;

4. Response timelines for user setup and password changes for PIN selection devices;

5. Card-mailing standards reports; and

6. Timely posting and availability of benefits.

GG. Transaction Statistics Report

The EBT contractor shall provide a monthly report providing a summary of transactions by time of day and day of month. The purpose of the report is to show the peak processing time for the EBT system.

HH. Management Statistics Reports

The EBT contractor shall provide a monthly summary report of transaction activity on the WIC EBT system on a clinic and program-wide (Nevada and ITCN) level. Statistics provided should include, at a minimum, benefits authorized for the previous month, transactions performed by transaction type, the number of active cases in the system, number of active cards in the system, and the number of cards issued and the number of WIC cards replaced during the month.

II. Administrative Function Security Reports

The EBT contractor shall provide Administrative Function Security Reports. Administrative Function Security Reports are those reports that identify the WIC Programs' staff users of the EBT Administrative Function application. The report shall provide an audit trail of the access and administrative transactions performed by the WIC Program users. The report shall include the status of the individual (i.e., active, inactive, new user, revoked due to failed attempts, etc.). The report shall also detail the level of access afforded the user through the EBT Administrative and data warehouse functions.

JJ. User Session Activity Report

The EBT contractor shall provide a daily audit report by WIC user ID of all actions taken by or attempted but failed by the user on the WIC EBT system through the administrative functionality.

KK. Security Access Issuance Report

The EBT contractor shall provide a monthly report detailing the date of receipt of a security access request from the WIC management staff and the date the EBT contractor issues the user password.

LL. WIC Customer Service Statistics Reports

The EBT contractor shall provide, on a monthly basis, reports containing statistics and the effectiveness of the customer service functions for the WIC cardholder, WIC staff and retailer and customer service Help Lines. Statistics for the IVR, EBT Web Site and CSRs shall also be reported and will include a summary of the number of calls received by the WIC Cardholder Call Center by reason (i.e., hot card, balance inquiry, transaction history, etc.) for both IVR and CSR. Daily statistics regarding the call center performance (i.e., number of calls, number of rings before answered, number of abandoned calls, number of busy signals received) shall be collected and reported. The monthly report shall provide a summary of the number of calls received on the WIC Retailer Help Desk by reason (i.e., terminal problems, settlement questions, etc.) for both IVR and CSR. Statistics regarding retailer help tickets, including number of tickets opened, tickets closed, and reason for ticket, shall be provided. Daily statistics regarding the Help Desk performance (i.e., number of calls, number of rings before answered, number of abandoned calls, number of busy signals received) shall be collected and reported.

The Customer Service Reports will also provide details of the status of all reported problems recorded in the error log, the status of the problems and, if not resolved, the details of the planned resolution status.

MM. EBT Contractor Reporting

The EBT contractor shall ensure that specific information, such as the WIC vendor contracts and location information, is available upon the WIC's request to provide verification of adequate access. During conversion, the EBT contractor shall provide weekly reports, as part of the weekly status report, detailing the number of WIC vendors for which the EBT contractor has signed agreements. Following conversion, these reports must be provided on a quarterly basis.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.2.19 Contract Termination

At the termination of the contract, the EBT contractor shall transfer the most recent five (5) years of transaction detail to an entity specified by the Nevada WIC Programs and ensure accuracy and readability of such information, or maintain the transaction detail in such a format that it supports timely access to that data by authorized State and Federal staff. At a minimum, data within the transaction history inquiries shall include:

A. PAN (card number);

B. EBT account number;

C. WIC Program participants' ID numbers;

D. Benefit program identifier;

E. WIC Vendor ID;

F. Terminal identification number;

G. Transaction type;

H. Transaction amount;

I. Transaction date;

J. Transaction detail (including cat and subcategory sold, product UPC, amount of unit of measure price of item and item price);

K. Transaction time;

L. Transaction results (approval code or denial reason);

M. Store name and address;

N. Account balance after the transaction; and

O. ACH transaction history.

Conduent has reviewed and complies with this section's RFP requirements.

4.14.3 WIC Program Specific Deliverables

The following table presents the deliverables that will be needed to implement and operate the WIC EBT system for the Nevada WIC Programs. These deliverables are in addition to the Project Wide deliverables defined in Section 4.3 through 4.13.

4.14 NEVADA WIC PROGRAM			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.14.3.1	EBT for Nevada WIC Farmer's Market	4.14.2.1	N/A
4.14.3.2	Nevada WIC EBT System for SEBTC	4.14.2.2	N/A
4.14.3.3	WIC EBT/MIS Interface Specifications	4.14.2.3	10
4.14.3.4	Design and Testing of the WIC EBT System	4.14.2.4	N/A
4.14.3.5	WIC EBT System Requirement Verification Sessions	4.14.2.5	N/A
4.14.3.6	WIC System Testing	4.14.2.6	10
4.14.3.7	WIC MIS Interface Design and Testing	4.14.2.7	N/A
4.14.3.8	WIC Vendor TPP Agreements	4.14.2.8	N/A
4.14.3.9	WIC EBT Cards and Card Sleeves	4.14.2.9	N/A
4.14.3.10	Account Set-Up and Benefit Authorization	4.14.2.10	N/A
4.14.3.11	Maintain the EBT Account	4.14.2.11	N/A
4.14.3.12	System Security	4.14.2.12	N/A
4.14.3.13	Manage WIC EBT Settlement, Transaction Processing and Reconciliation	4.14.2.13	N/A
4.14.3.14	Manage WIC Retailers and Retailer Transactions	4.14.2.14	N/A
4.14.3.15	System Operations Manual for WIC	4.14.2.15	10

4.14 NEVADA WIC PROGRAM			
4.14.3.16	WIC Training	4.14.2.16	10
4.14.3.17	WIC Program Customer Service Requirements	4.14.2.17	N/A
4.14.3.18	WIC System Reports and System Data	4.14.2.18	N/A
4.14.3.19	Contract Termination	4.14.2.19	N/A

We have reviewed the required deliverables for RFP Section 4.14, WIC Programs Specific Scope of Work, and we will comply as illustrated in Table VI-17.

Table VI-17. WIC Programs Specific Scope of Work Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.14.3.1	EBT for Nevada WIC Farmer's Market	4.14.2.1	N/A	✓
4.14.3.2	Nevada WIC EBT System for SEBTC	4.14.2.2	N/A	✓
4.14.3.3	WIC EBT/MIS Interface Specifications	4.14.2.3	10	✓
4.14.3.4	Design and Testing of the WIC EBT System	4.14.2.4	N/A	✓
4.14.3.5	WIC EBT System Requirement Verification Sessions	4.14.2.5	N/A	✓
4.14.3.6	WIC System Testing	4.14.2.6	10	✓
4.14.3.7	WIC MIS Interface Design and Testing	4.14.2.7	N/A	✓
4.14.3.8	WIC Vendor TPP Agreements	4.14.2.8	N/A	✓
4.14.3.9	WIC EBT Cards and Card Sleeves	4.14.2.9	N/A	✓
4.14.3.10	Account Set-Up and Benefit Authorization	4.14.2.10	N/A	✓
4.14.3.11	Maintain the EBT Account	4.14.2.11	N/A	✓
4.14.3.12	System Security	4.14.2.12	N/A	✓
4.14.3.13	Manage WIC EBT Settlement, Transaction Processing and Reconciliation	4.14.2.13	N/A	✓
4.14.3.14	Manage WIC Retailers and Retailer Transactions	4.14.2.14	N/A	✓
4.14.3.15	System Operations Manual for WIC	4.14.2.15	10	✓
4.14.3.16	WIC Training	4.14.2.16	10	✓
4.14.3.17	WIC Program Customer Service Requirements	4.14.2.17	N/A	✓
4.14.3.18	WIC System Reports and System Data	4.14.2.18	N/A	✓
4.14.3.19	Contract Termination	4.14.2.19	N/A	✓

4.15 SNAP/TANF TRANSACTION PROCESSING

We address your specific transaction processing requirements throughout our response to this RFP section.

4.15.1 Objective

The vendor should briefly describe how they would complete each of the defined deliverables. If the vendor would like to propose any additions or different approaches to accomplishing the deliverables, those plans should be described.

The EBT contractor's system shall be developed to comply with the SNAP Waivers listed in ***Appendix I: SNAP Waivers***. The EBT contractor shall be required to issue and replace EBT cards and PINs in compliance with FNS regulations 7 CFR §274.8. The EBT contractor must comply with any future waivers.

Bringing Benefits and Meeting Objectives

- ***With over 20 years of SNAP and TANF EBT experience, we provide you with the efficiency and accuracy you require in processing transactions and accurately providing payment to retailers and vendors, with complete audit records and fraud detection capabilities.***
- ***We support your objectives by providing a system that gives all stakeholders the confidence of knowing that we are following established protocols to protect you, your cardholders, and their funds.***
- ***We support program integrity by following federal laws that prohibit access to TANF benefits at specific types of business locations; however, additional locations can easily be added as your mandates change.***

We have reviewed your FNS-granted waivers, listed in Appendix I, SNAP Waivers, and are in full compliance with the issuance and replacement of EBT cards and PINs as required by FNS regulations found at 7 CFR §274.8. We also agree and commit to ensure compliance with any future waivers.

4.15.2 Activities

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.15, SNAP/TANF Transaction Processing, and ensure that DHHS' objectives are met. Although the RFP section includes "SNAP/TANF" in the title, there are many similarities in our Connect solutions for SNAP, TANF, and WIC. As such, our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

EBT contractor EBT transaction processing requirements shall include:

A. Accepting transactions coming from an authorized transaction acquirer;

B. Authorizing or denying transactions;

C. Sending response messages back to the transaction acquirer authorizing or rejecting client transactions;

D. Printing a cardholder receipt with the account balance after the transaction (the card number shall be truncated on the receipt); and

E. Logging the authorized/denied transactions for subsequent settlement and reconciliation processing, transaction reporting, and for viewing through transaction history.

Conduent has reviewed and complies with this section's RFP requirements. ***Our EBT Connect and WIC Connect transaction processing activities include all activities described in this RFP section.***

4.15.2.2 System Accuracy

As defined in the Federal regulations, the EBT system central computer shall permit no more than two (2) inaccurate EBT transactions for every 10,000 EBT transactions processed. The transactions to be included in measuring system accuracy shall include:

A. All SNAP transactions occurring at ATM and/or POS terminals and processed through the host computer:

1. Manual transactions will be entered into the system;
2. Credits will be transferred to EBT accounts.

B. The EBT contractor shall resolve all errors in a prompt manner and in accordance with FNS Adjustment Rules and in accordance with State waivers.

Conduent has reviewed and complies with this section's RFP requirements. ***EBT Connect and WIC Connect meet all accuracy requirements including SNAP manual transactions and credits transferred to EBT accounts. Any errors are resolved promptly in accordance with FNS Adjustment Rules and in accordance with State waivers.***

4.15.2.3 Transaction Interchange Specifications

The EBT contractor will be responsible for the authorization of SNAP cardholder transactions. The EBT contractor shall comply with ANSI X9.58-2013 (or most current version) and ISO 8583 and shall comply with all updates to ANSI X9.58-2013 (or most current version) and ISO 8583 at no additional cost to the State.

Conduent has reviewed and complies with this section's RFP requirements. ***We accept responsibility for the authorization of cardholder-initiated SNAP, cash, and WIC transactions. EPPIC complies with ANSI X9.58-2013 and ISO 8583, and we also will comply with all updates to ANSI X9.58-2013 (or most current version) and ISO 8583 at no additional cost to you.***

4.15.2.4 Transaction Processing

A. SNAP benefits may be accessed via POS terminals or by authorized retailers using manual vouchers at retail locations authorized by the FNS. **Under no circumstances are manual transactions allowed**

for cash. Clients are not limited to retailers in the state in which they reside. Benefits are portable across state lines. Federal operability rules apply to both programs.

B. Clients must be able to access benefits at an authorized retailer in any state or Territory. SNAP benefits may only be used to purchase eligible food items and may not be used to purchase non-food or ineligible food items. SNAP benefits may not be accessed at ATM terminals and may not be commingled with either cash or WIC benefits in the EBT account.

C. To the maximum extent possible, the Program Management staff seeks to use the existing commercial transaction processing infrastructure for the transmission and processing of TANF transactions. The EBT contractor shall have the capability to receive, process and authorize client transactions from both ATM and POS devices.

D. It is Program's intention to make access to cash benefits as convenient as possible. The EBT contractor shall provide adequate cash access through retail POS devices and ATMs. The Project Management Team will work with the EBT contractor to ensure these service levels are maintained. The Project Management Team shall review the EBT contractor's plan to provide adequate cash access and, if necessary, shall require additional access sites if the proposed access is determined to be inadequate.

1. The EBT Contractor shall also ensure card performance through an operating ATM network and provision of nationwide and international ATM access and withdrawal of cash through normal ATM transactions.

E. The EBT contractor shall process, at a minimum, the following POS and/or ATM transaction types:

1. SNAP or cash purchase (swiped or key entered);
2. Purchase with cash back (TANF only);
3. Cash withdrawal (TANF only);
4. Merchandise refund or credit (for SNAP only);
5. Manual authorization where permitted by regulations;
6. Manual voucher clear (including interoperable transactions);
7. Balance inquiry;
8. Adjustments;
9. Voids or cancellations; and
10. Reversals.

F. The EBT contractor must ensure that the EBT system will deny transactions if the balance of the Cash Account will not support both the requested withdrawal/transaction and all allowable charges or fees.

G. FNS regulations prohibit the charging of a fee for any POS transactions or cash benefit access transactions. After conducting a purchase, cash benefit transaction, merchandise return or balance inquiry, the retailer shall provide a printed receipt showing the cardholder's account balance. The card number shall be truncated on the receipt.

H. The State will not pay for ATM or POS cash transactions. All cash transactions will be conducted at cardholder expense. The EBT contractor shall provide cash transaction fees based on the lowest interchange rate. The EBT contractor shall have controls in place to ensure that the location of terminals allowing cash access to cash accounts, including ATMs, contractor-deployed EBT-only POS terminals, and commercially deployed POS equipment are in compliance with the State's policy concerning cash access.

1. The EBT contractor shall ensure that ATM withdrawal dollar limits and fees are approved by Program Staff and are specified in the cardholder training material.

I. The EBT contractor shall provide cash access through ATMs, commercially deployed POS equipment and through contractor-deployed EBT-only POS terminals. The EBT contractor shall have controls in place to ensure that POS cash-back transactions from contractor-provided EBT-only terminals for cash assistance households occurs only at entities that have valid agreements with the EBT contractor and are not located in federally prohibited locations. (Refer to 5.16.2.1, TANF Blocking). The State also reserves the right to require installation of EBT-only equipment at locations such as banks, utility companies and housing authorities to provide cash access. To preserve the integrity of the Program, the State reserves the right to disallow transactions in certain types of retail establishments.

J. The EBT contractor shall propose a method for maintaining a database and tracking retailers providing cash. In addition, the EBT contractor shall propose a method for identifying the POS terminal and location and ATM identification number and location associated with any EBT cash transaction. The QUEST® Operating Rules will govern the processing of all retail merchant cash transactions. Depending upon the EBT contractor's arrangement with the prevailing ATM networks, either the Operating Rules or the ATM network's Operating Rules may govern ATM cash transactions. The EBT contractor shall support national interoperability for cash access, to include loading all State BINs into the EBT host system.

Conduent has reviewed and complies with this section's RFP requirements. ***EBT Connect supports nationwide SNAP benefit access through POS terminals or manual vouchers at FNS authorized retailers and prohibits the use of manual vouchers for cash. SNAP benefits are not accessible at an ATM and are not commingled with either cash or WIC benefits. We support national SNAP and cash as well as international cash benefit access through the commercial infrastructure by including large supermarkets and small retailers, large and small banks, and through home delivery, route vendors, farmers' markets, and congregate living facilities.***

To support benefit delivery, EBT Connect uses the fundamental set of transactions common in the EBT industry. These transactions satisfy all State and federal requirements for authorization of cardholder-initiated SNAP or cash transactions that originate at POS devices or cash transactions that originate at ATMs. POS and ATM transaction types supported by EBT Connect include SNAP or cash purchase (swiped or key entered), purchase with cash back (TANF only), cash withdrawal (TANF only), merchandise refund or credit (for SNAP only), manual authorization where permitted by regulations, manual voucher clear (including interoperable transactions), balance inquiry, adjustments, voids or cancellations, and reversals.

Following completion of all validity checks (i.e., valid card, valid PIN, etc.), EBT Connect performs one final validation to verify that sufficient benefit funds are available to preclude the cash account from being overdrawn at an ATM. (Fees for any POS transaction are prohibited.) Cash withdrawal transactions are approved if the cardholder has sufficient funds available in their account to cover the withdrawal amount and any allowable surcharges (e.g. ATM fees) for which the cardholder is responsible. If sufficient funds are unavailable, the transaction is denied.

We obtain program staff approval for ATM withdrawal limits and fees and include the limits and fees in our cardholder training materials. We also work with program staff to provide adequate cash access while ensuring program integrity by limiting access at federal or State prohibited locations.

All retailer EBT transactions are processed by EBT Connect on EPPIC, which receives transactions from POS devices in ISO 8583 message format, requiring capture address and terminal ID associated with any cash transaction. Prior to approving SNAP transactions, EBT Connect validates the retailer as a USDA FNS-authorized retailer by ensuring that the FNS authorization number is contained in our retailer database. Through our retailer database (RAPS2), based on the REDE file, EBT Connect maintains a database of authorization numbers for all FNS-authorized retailers in accordance with the retailer validation requirements specified in 7 CFR § 274.8. Please see our response to RFP Section 3.2.13, Retailer Database Management, for more information about the RAPS2 retailer database and our in-place process to ensure all records are properly posted.

As in most of the state EBT programs we operate, Quest Operating Rules will govern the processing of all retail merchant cash transactions. We also have agreements with the ATM networks allowing for either the Quest or the ATM network's Operating Rules that govern ATM cash transactions. We support national interoperability for cash access as well, by loading all state BINs into EBT Connect.

While the current federal law prohibits access to TANF benefits using an ATM or a POS device at adult entertainment, casino/gaming establishments and non-FNS authorized liquor store locations, many states have expanded this list to also include bail bonds, bingo halls, cannabis shops, cruise ships, gun/ammunitions stores, night clubs/saloons/taverns, psychic readers, race tracks, smoking shops, spa/massage salons, tattoo/piercing shops, jewelry stores, and nail salons. We support these requirements now and can support any future requirements as well.

4.15.2.5 Manual SNAP Transactions

A. The EBT card must be present for a retailer to conduct a manual transaction. Manual transactions shall be permitted under these listed circumstances: 1.) for FNS authorized SNAP retailers without POS equipment; 2.) in instances of system failure that prevent processing of online SNAP authorizations; 3.) in instances of disaster for home deliveries, if appropriate.

B. The EBT contractor shall provide retailers with a separate toll-free number to obtain voice authorizations for manual transactions. Manual SNAP transactions should be interoperable across state lines.

C. FNS authorized SNAP retailers with redemptions of less than $100 per month, route vendors and farmer's markets shall have the capability to conduct manual SNAP transactions using paper vouchers. A paper voucher shall be designed and distributed by the EBT contractor to these FNS-authorized retailers for use in processing manual SNAP transactions. Manual vouchers shall be numbered serially for control and security purposes.

D. Retailers may also utilize their own forms as long as the forms meet the minimum data requirements as specified by federal regulation or policy, the Nevada SNAP, and/or the EBT contractor.

E. Retailers are required to complete the manual voucher form and call the EBT contractor's Retailer Customer Service Center to obtain a voice authorization prior to completing a manual SNAP sale. The cardholder is required to sign the paper voucher and the EBT contractor shall require the cardholder's signature on the voucher as a condition for processing. The EBT contractor shall provide retailers with a separate toll-free telephone number to obtain voice authorizations for the manual vouchers 24 hours per day; seven (7) days per week. The manual transaction authorization process should be automated as part of the help desk IVR functionality.

F. Vouchers submitted for payment without prior telephone authorization shall be rejected. The retailer shall be liable for declined transactions in the event the retailer fails to obtain prior authorization and the EBT account has insufficient funds to cover the purchase.

G. Re-presentation of Manual Transactions

Re-presentation of manual retailer vouchers shall not be permitted. The EBT contractor's system shall be designed to prevent merchants from re-presenting manual vouchers.

H. Emergency Stand-In Processing

If an FNS authorized retailer cannot access the EBT host system because the host system is unavailable, the EBT contractor shall allow retailers to conduct emergency or stand-in processing of SNAP purchases of up to $50 per cardholder per day (from 12:00 AM until 11:59 PM). The EBT contractor shall be liable for up to $50 per transaction for insufficient funds resulting from stand-in manual transactions. The retailer is required to complete a manual voucher and must obtain the cardholder's signature on

the voucher. If the retailer processes an emergency stand-in transaction for more than $50, the EBT contractor shall process the transaction if there are sufficient funds in the cardholder's account to cover the transaction. If there are not sufficient funds in the cardholder's account, the retailer shall be liable for any amount over $50.

When the system becomes available, the retailer shall electronically clear the manual transaction through a POS voucher clear transaction. If there are insufficient funds in the cardholder's account when an emergency stand-in voucher is first presented, the EBT contractor shall allow re-presentation of the voucher.

Conduent has reviewed and complies with this section's RFP requirements. We accept manual transactions from FNS-authorized retailers without POS equipment, to support system failure processing, and in instances of disaster for home deliveries, as well as retailers with redemptions of less than $100 per month, route vendors, and farmer's markets. We provide a separate toll-free number for voice authorizations 24/7/365 and support interoperability. Please see our response to RFP Section 3.2.6, Processing Speed Requirements, for more information about manual vouchers, as well as an example of our standard voucher. Some large retailers and TPPs design and print their own vouchers, which we also accept provided they contain the information required by federal regulations or Nevada policy. Cash transactions are not permitted with manual vouchers.

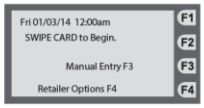
We require retailers to complete the voucher, obtain a signature, and call for a voice authorization for any SNAP sales. Vouchers submitted for payment without prior telephone authorization are immediately rejected either by EBT Connect as part of an electronic transaction to clear the voucher, or by Conduent staff at our National Retail Management Center (NRMC) who are responsible for clearing mailed vouchers from FNS-exempt retailers. The retailer is liable for declined transactions when the retailer fails to obtain prior authorization and the EBT account has insufficient funds to cover the purchase. Re-presentation of manual vouchers is only permitted following an emergency.

Clearing SNAP voucher transactions is a straightforward process that is similar to that of manually processing retail credit cards. While the POS system is unavailable, all the pertinent information related to the transaction is written down by the retailer on a manual voucher. The retailer calls the transaction into the IVR, which issues an approval or denial for the given transaction amount. When the POS service is restored, the retailer then enters the voucher information into their POS terminal to electronically clear the transaction. Exhibit VI-60 shows the steps performed by the merchant to manually capture the transaction data with vouchers (right column), and how to use the information to electronically clear the transaction on their POS terminal when the system becomes available (left column).

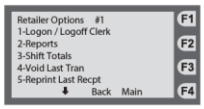
EBT Connect on EPPIC also supports stand-in processing, which allows continuous processing in nearly all scenarios. Using a distributed computing architecture and advanced technologies to provide reliable system availability, we configure EBT Connect to preempt outages and allow for a resilient response when anything from a minor outage to a serious disaster occurs. In the rare circumstance that EBT Connect is unavailable for a period of one hour, we declare a system outage and enact stand-in processing procedures, allowing SNAP purchases up to $50 per cardholder per day and we accept liability for up to $50 per transaction if there are insufficient funds in the account. The one-hour window allows us to evaluate the situation and attempt to restore service before initiating emergency processing procedures.

As shown in Exhibit VI-61, we provide EBT Connect, WIC Connect, and the EPPIC platform with not just one, but two fail-safe systems—a redundant, secondary hot backup system located alongside the primary system, and another hot backup system at a remote backup site in another state. All three systems are full system configurations, identical to each other. Cutover is fast and efficient. With a backup configuration that is unequalled in the EBT industry, we provide 99.9 percent system availability, coupled with automatic failover for exceptional recovery capability.

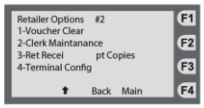
Settle/Clear Voucher Transaction



1) Press **Retailer Options** (F4).



2) Press the purple button under the (↓) arrow to scroll down to **Retailer Options #2**.

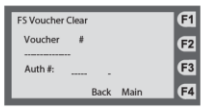


3) Press (1 QZ) for **Voucher Clear**.

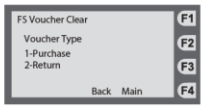
4) Press (1 QZ) for **Food Stamp**.

5) Enter **Card Number** then press (↵).

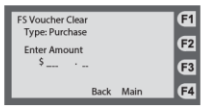
6) Enter **Voucher Number** then press (↵).



7) Enter **Voucher Authorization Number** then press (↵).



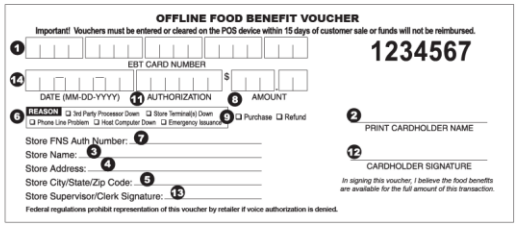
8) Press (1 QZ) for **Purchase** or (2 ABC) for **Return.** If **Return**, terminal prompts for a **Supervisor ID** and password.



9) Enter **Purchase Amount**.

(Screen flashes **Dialing ...Connected, Sending, Receiving.)**

Manual Voucher Processing



Fill in the form as follows:

1. **Retailer prints the recipient's EBT card number.**
2. **Retailer prints** the recipient/cardholder's name.
3. **Retailer prints** store name.
4. **Retailer prints** store address.
5. **Retailer prints** city, state, and zip code.
6. **Retailer checks** reason for using manual voucher.
7. **Retailer prints** the store's seven-digit FNS authorization number.
8. **Retailer prints** the amount of the transaction. Retailer cannot alter this amount after the authorization call.
9. **Retailer checks** type of transaction.
10. **Retailer calls** for voucher authorization number.
11. **Retailer prints** the voucher authorization number here. This is the number received from the IVR or Call Center.
12. **Recipient signs** here. Only authorized persons may sign the voucher.
13. **Retailer (checker or front-end supervisor) signs** the manual voucher.
14. **Retailer prints** the date of the transaction.
15. **Retailer gives copy of voucher to recipient.**

The manual voucher must clear within 15 calendar days after the date of telephone authorization. **If the retailer does not clear the manual voucher within 15 calendar days after receiving telephone authorization, the authorization number expires.** The liability for the transaction will then rest with the retailer. Refer to latest FNS rules regarding use of manual vouchers.

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Exhibit VI-60. Manual Voucher Use and Clearing

Conduent provides easy-to-follow instructions for retailers related to the manual voucher process.

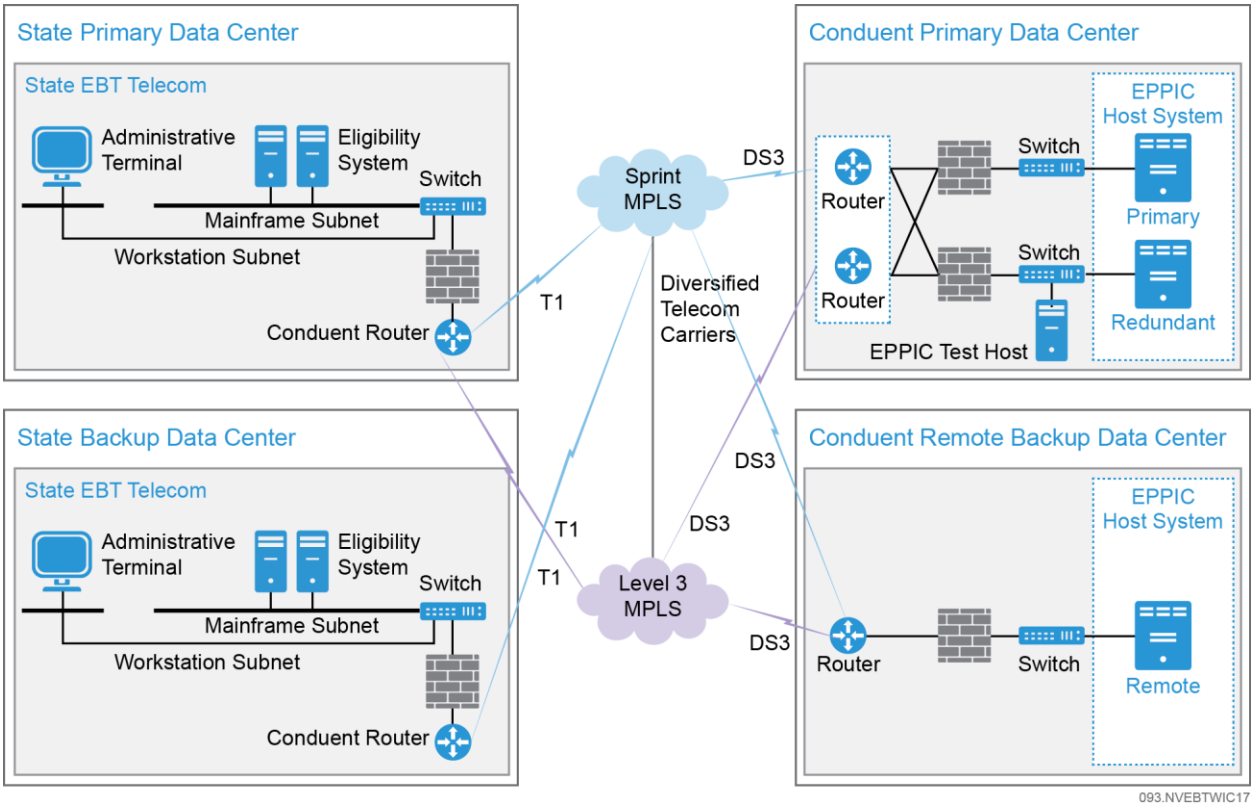

Exhibit VI-61. Conduent Fail-Safe System Configuration

EBT Connect and WIC Connect are supported with not just one, but two fail-safe backup systems.

4.15.2.6 SNAP Retailer Transactions

The EBT contractor shall have controls in place to ensure that POS SNAP transactions from the EBT contractor-provided EBT-only POS terminals occur only at entities that have valid agreements with the EBT contractor. For all SNAP transactions, the EBT contractor must validate that the transactions originated at an FNS authorized retail location. The EBT contractor must maintain a database of authorization numbers for all FNS authorized retailers in accordance with the retailer validation requirements specified in 7 CFR § 274.8. The EBT contractor must access the FNS REDE system daily to obtain updates of the national REDE files used to validate authorized FNS retailer numbers, and have a process in place to ensure that all records are properly posted. The EBT contractor must verify the retailer identification number is for an FNS-authorized retailer prior to completing the transaction and assumes liability if transactions are completed against invalid FNS authorization numbers.

Conduent has reviewed and complies with this section's RFP requirements. ***As previously noted, before approving SNAP transactions, EBT Connect validates the retailer as a USDA FNS-authorized retailer by ensuring that the FNS authorization number is contained in our retailer database (RAPS2). Through RAPS2, based on the REDE file, EBT Connect maintains a database of authorization numbers for all FNS-authorized retailers in accordance with the retailer validation requirements specified in 7 CFR § 274.8 and we accept liability for transactions completed against invalid FNS authorization numbers. Please see our response to RFP Section 3.2.13, Retailer Database Management, for more information about the RAPS2 retailer database.***

WIC EBT Program Variances for SNAP Retailer Transactions

WIC vendors needing equipment receive a stand-beside terminal while FNS exempt SNAP retailers receive an EBT-only POS terminal.

4.15.2.7 SNAP Transaction Validation

A. The EBT system shall go through a series of checks and processes to determine whether a cardholder's transaction should be approved. These checks should include determining whether:

1. The merchant has a valid FNS authorization number if the transaction is a WIC or SNAP transaction;

2. The card number (PAN) is verified and the card is active;

3. The number of consecutive failed PIN tries has not been exceeded;

4. The PIN is verified as being entered correctly;

5. The account is active;

6. The EBT account holds a sufficient balance in order to satisfy the transaction request; or

7. A benefit record exists for SNAP refund transactions so the transaction can be properly posted.

B. If any one of the above conditions is not met, the EBT contractor shall deny the transaction. The EBT contractor shall ensure that client/provider benefit accounts are not overdrawn and shall assume all liability if an account overdraft does occur. If the transaction is denied, the system must return a message to the retailer/provider indicating the reason for denial (invalid PAN, invalid PIN, insufficient funds [NSF], etc.). The EBT contractor must also provide a summary report of denied transactions.

Conduent has reviewed and complies with this section's RFP requirements. Central to the transaction processing system is a series of checks and processes to determine whether or not a cardholder's transaction should be approved. Through these series of checks, EBT Connect authorizes or denies transactions and initiates settlement. The transaction validation components include verification that: the retailer is authorized by FNS, the card number (PAN) is active, failed PIN attempts are not exceeded, PIN is entered correctly, the account is active, sufficient benefits exist in the account, and the benefit record exists for SNAP refund transactions so the transaction can be properly posted. We also accept responsibility for any account that is overdrawn.

At the conclusion of each EBT Connect processed POS or ATM transaction, we provide cardholders with a receipt that displays their account balance and includes their truncated account number. Exhibit VI-62, VI-63, and VI-64 are examples of receipts that EBT Connect generates for approved, denied, POS cash withdrawal, and voided transactions.

EBT Connect captures large volumes of tracking and historical data. Denied transaction data as well as authorization data is captured during the transaction authorization process and is available to Nevada through Denied Transactions Reports or through the Administrative Terminal's Transaction History Screen. Our Transaction Denial Summary Report breaks down cardholder denial activity in various ways, including denial code. The report provides monthly statistics, identifies the number and percentage of cardholder transactions denied, and the reason for the denials (e.g., insufficient funds, invalid PIN, invalid card status, etc.). An example of our Transaction Denial Summary Report is shown in Exhibit VI-65.

ABC Market
1234 Main Street
Anywhere, USA
555-5555
#0000000000

Term#:0000000 09/28/17
Clerk: 1234 12:00:34am

SNAP Purchase

Card Num: XXXXXXXXXXXXXXXX0001
Settlement Date: 09/29

Balance Summary:

SNAP Begin Bal: 250.00
SNAP Purchase: -25.00
SNAP End Bal: 225.00

Results: Approved
Auth #: 020030
Trace#: 000027-000000109821734

V1.00 010 027 000 000 000 000 000 000

***** CUSTOMER COPY *****

ABC Market
1234 Main Street
Anywhere, USA
555-5555
#0000000000

Term#:0000000 09/28/17
Clerk: 1234 12:00:34am

SNAP Purchase

Card Num: XXXXXXXXXXXXXXXX0001
Settlement Date: 09/29

Balance Summary:

SNAP Begin Bal: 250.00
SNAP Purchase: -252.00 DENIED
SNAP End Bal: 250.00

Results: DENIED – 51
Reason: Insufficient Funds
Trace#: 000039-000000846957696

DO NOT DISPENSE GOODS

V1.00 010 039 000 000 000 000 000 000

***** CUSTOMER COPY *****

Fictitious Data

088.NVEBTWIC17

Exhibit VI-62. Approved and Denied Transactions

These receipts are examples of approved and denied transactions.

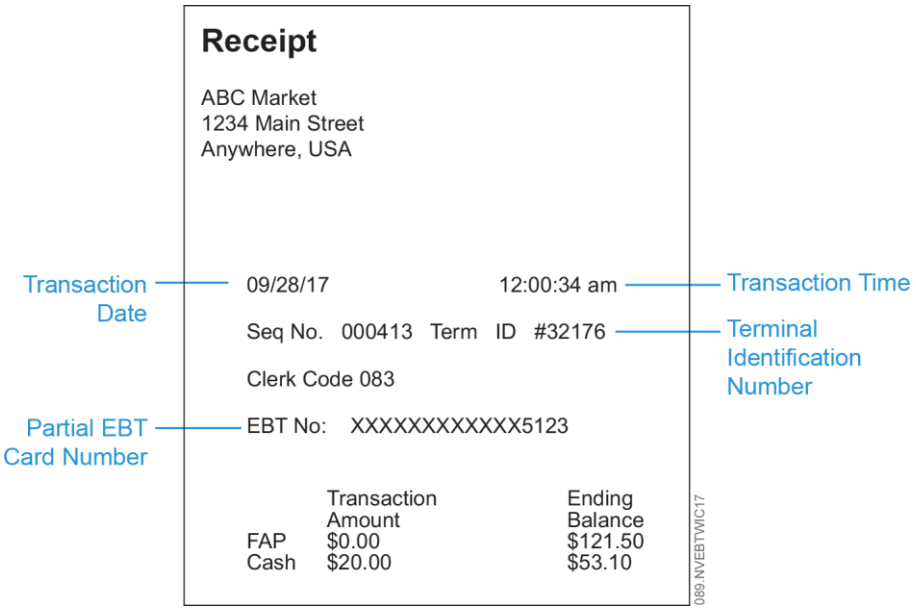

Exhibit VI-63. POS Cash Withdrawal Receipt

EBT Connect provides clients with a full range of account information to better manage their benefits.

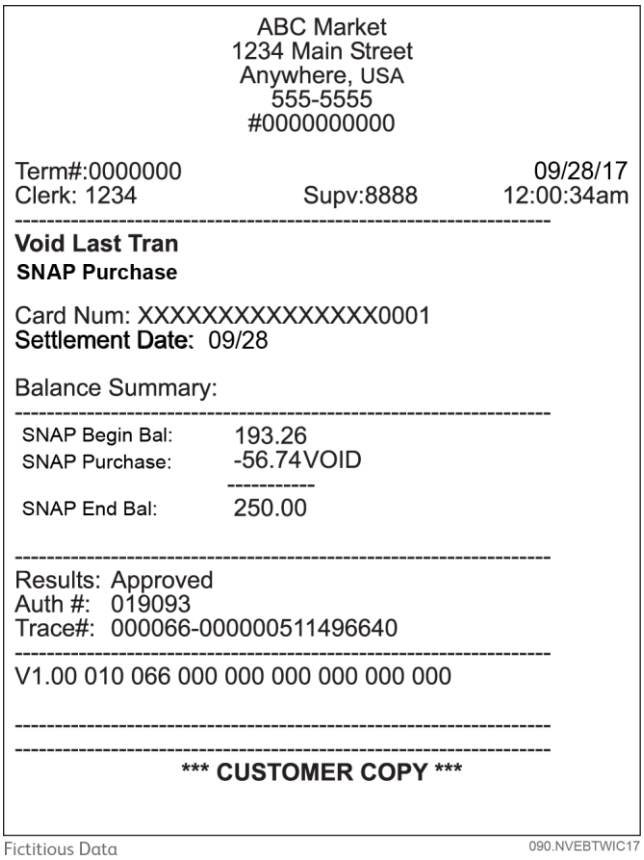

Exhibit VI-64. Voided Transaction Receipt

This example of a voided transaction receipt provides a cardholder's balance to certify that the transaction was voided.

STATE TRANSACTION DENIAL SUMMARY REPORT (RPT017)
PAGE: 1
PREPARED FOR: ST FOR: TUESDAY 09/26/2017 RUN: THUR, 09/28/2017
10:49 AM

CASE NUMBER	CARDHOLDER NAME	CARD NUMBER	RESPONSE STATUS	TRANSACTION TYPE	AMOUNT	DATE/TIME
N/A 12:50:46			No Account	CASH WDRAWAL	50.00	09/26/2017
100052044 11:25:32			Return Exceeds Benef	SNAP RETURN	110.25	09/26/2017
100052044 12:43:48			Return Exceeds Benef	SNAP RETURN	201.00	09/26/2017
12:51:24			Insufficient Funds	SNAP PURCHASE	360.00	09/26/2017
12:53:39			Lost/Stolen Card	SNAP PURCHASE	75.00	09/26/2017
12:55:23			Return Exceeds Benef	SNAP RETURN	1.00	09/26/2017
1263856 11:37:16			Insufficient Funds	ATM CASH WITHDRAWAL	199.00	09/26/2017
11:37:49			Insufficient Funds	ATM CASH WITHDRAWAL	201.00	09/26/2017
290876777 10:19:04			Lost Card	SNAP PURCHASE 1	00.00	09/26/2017
3322118 11:00:15			Insufficient Funds	CASH WDRAWAL	25.00	09/26/2017
398643222 10:38:28			Lost/Stolen Card	SNAP PURCHASE	65.00	09/26/2017
555121223 11:06:45			Return Exceeds Benef	SNAP RETURN	151.00	09/26/2017
11:07:01			Return Exceeds Benef	SNAP RETURN	149.00	09/26/2017
11:09:42			Return Exceeds Benef	SNAP RETURN	151.00	09/26/2017
765431112 11:04:23			Insufficient Funds	SNAP PURCHASE	150.00	09/26/2017

STATE TRANSACTION DENIAL SUMMARY REPORT (RPT017)
PAGE: 2
PREPARED FOR: ST FOR: TUESDAY 09/26/2017 RUN: THUR, 09/28/2017
10:49 AM

REPORT TOTALS

RESPONSE STATUS	COUNT	PCT
Lost Card	1	2.083
No Account	1	2.083
Lost/Stolen Card	2	4.167
Insufficient Funds	5	10.417
Return Exceeds Benefit Authorizatio	6	12.500
TOTAL DENIED (out of 48)	15	31.250

---------- END OF REPORT ----------

091.NVEBTWIC17

Exhibit VI-65. Transaction Denial Summary Report

The report includes detail and summary information on denied transactions. The report provides a total count of the number of times each denial code is received.

4.15.2.8 Invalid PIN Attempts

The EBT contractor system must deny transactions if the PIN is input incorrectly. After three (3) consecutive invalid PIN attempts in one day, the card shall be temporarily blocked until midnight local time on the day the last PIN attempt occurred.

Conduent has reviewed and complies with this section's RFP requirements. EBT Connect and WIC Connect deny transactions if the PIN is entered incorrectly. Standard features provide maximum flexibility and control of this function, including the ability to lock any PIN transaction for a card that has three consecutive invalid PIN attempts. The card remains locked until midnight local time, at which time the failed PIN count resets to zero and the card is unlocked. The PIN lock may be released at any time by an authorized user through the card and PIN management Administrative Terminal Screen (please see Exhibit VI-66), or on demand through the IVR whenever a new PIN is selected by the cardholder, or at midnight through a nightly update process that releases remaining PIN locks that occurred during the day.

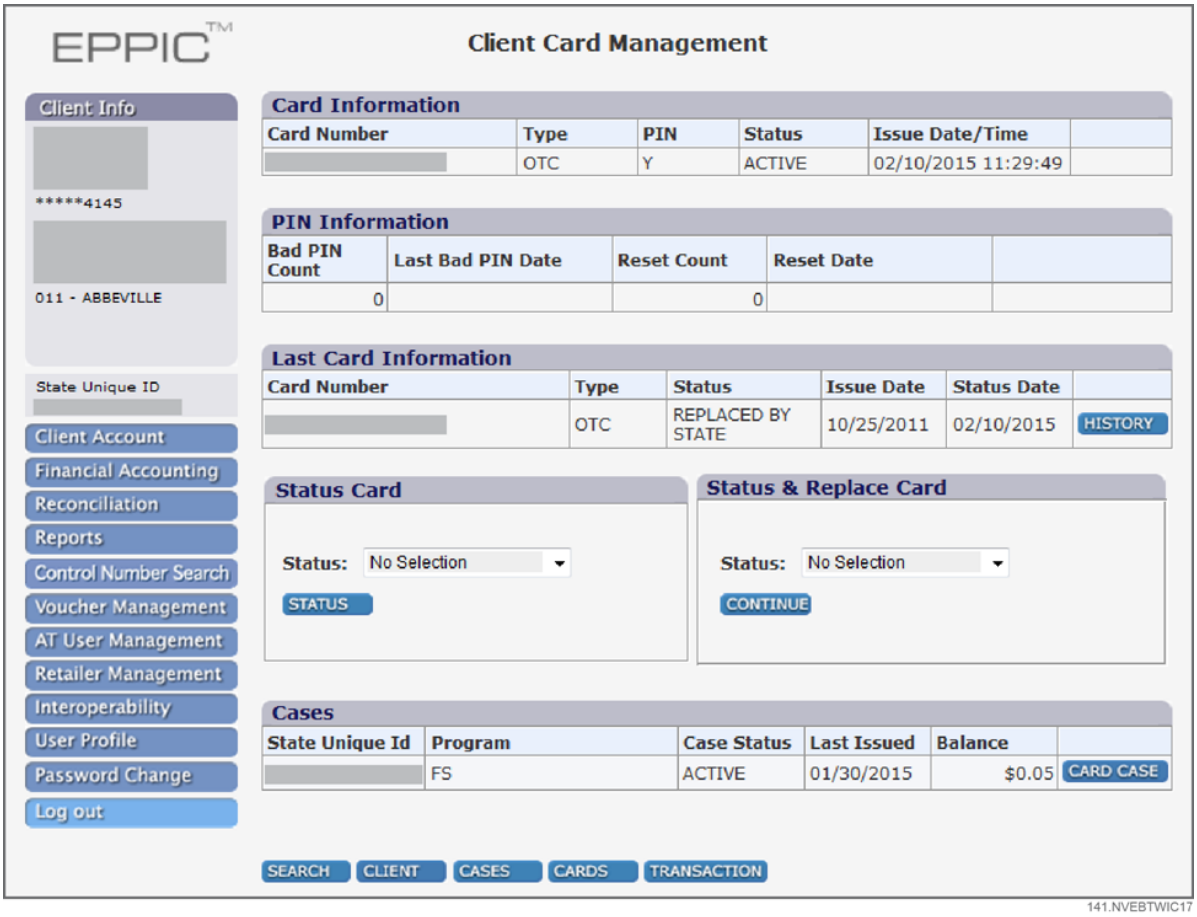

Exhibit VI-66. Card and PIN Management Screen
With a single click, the Bad PIN Count reverts to zero.

4.15.2.9 Hold Funds for SNAP

A. Under certain conditions, including but not limited to a disaster, a manual SNAP transaction may be performed by a retail merchant. When manual SNAP transactions are performed, the merchant will obtain a voice authorization. The EBT contractor shall hold funds authorized by voice authorization. The number of days that funds will be placed on hold will be specified by SNAP but the maximum

hold period will be 30 calendar days. (The acquirer will be required to convert the manual SNAP transaction to electronic transaction for transmission to the EBT contractor.) If the manual transaction is presented for settlement within the Nevada SNAP specified number of calendar days from the date of the manual authorization, the EBT contractor shall debit the amount from the cardholder account and settle the transaction. If the manual transaction is not presented within the specified number of calendar days from the authorization date, the EBT contractor shall release the hold on funds and make them available for cardholder access. The retailer or acquirer bears the liability for the transaction if the voucher is not cleared in thirty (30) calendar days.

B. At the discretion of Program staff, a hold may also be placed on a cardholder's account in anticipation of a potential debit adjustment to the account to correct a system error. To support debit adjustment notification and fair hearing processes, the EBT contractor shall be required to send a daily file to the State SNAP agency with sufficient data to support the debit adjustment transaction that will be posted to the cardholder account. A hold may also be placed on a cardholder account in anticipation of a potential debit adjustment to the account to correct a system error. The Nevada SNAP program currently has a waiver that prohibits a "hold" on the funds for adjustment purposes.

Conduent has reviewed and complies with this section's RFP requirements. ***Our solution requires acquirers to clear vouchers within the specified timeframe and credits the acquirer accordingly. If the voucher is not cleared, the hold is released and funds become available to the cardholder. EBT Connect provides administrative functionality to support debit adjustments and provide daily files. We will work with your staff to determine the maximum hold period and to determine your specific needs and comply with any waivers during and the joint application design (JAD) sessions.***

4.15.2.10 Interoperability Standard

The EBT contractor shall support the Federal national interoperability requirement for processing interoperable SNAP transactions. The EBT contractor shall also support national interoperability for cash transactions.

Conduent has reviewed and complies with this section's RFP requirements. ***We are committed to maintaining nationwide interoperability, in compliance with federal regulations for all SNAP and cash EBT transactions. In compliance with the federal requirement for national interoperability (7 CFR Parts 272 and 274), EPPIC is configured for open access and flexible telecommunication options. EBT Connect supports national interoperability for SNAP and cash transactions. This network flexibility provides broad and easy access to the benefits posted to cardholders' accounts wherever they shop. In most cases, transactions from TPPs and exempt EBT-only retailers that may not be able to directly connect with EPPIC are transmitted to EPPIC through our interoperability gateway switch. As shown in Exhibit VI-67, we route transactions through our interoperability switch and perform authorization and settlement of this unique transaction category.***

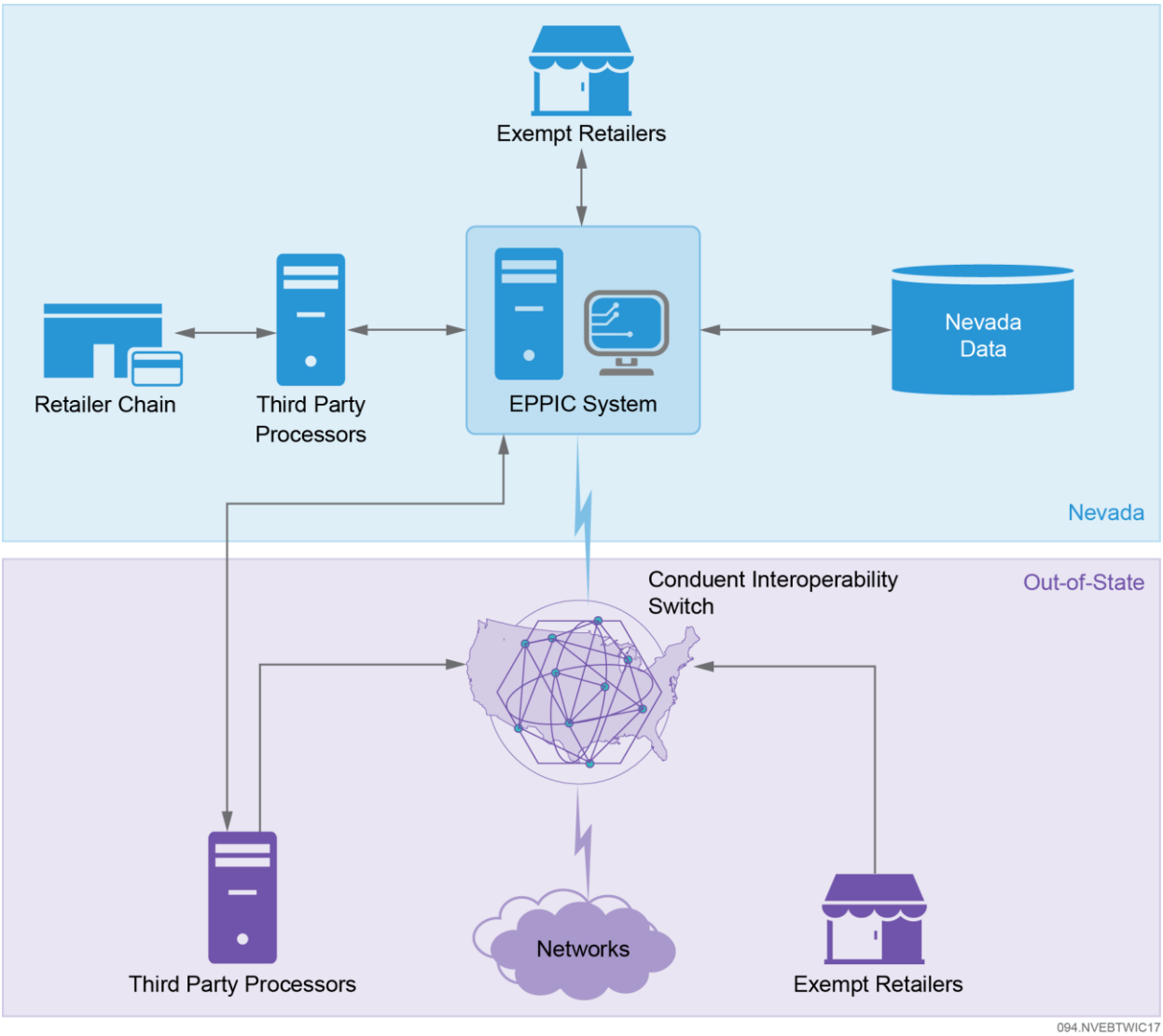

Exhibit VI-67. Interoperable Transaction Routing
Conduent's telecommunications network ensures interoperable processing of all SNAP and cash transactions.

4.15.2.11 Refunds

A. The EBT contractor shall provide for real-time processing of Program refunds or credits to preclude the creation of unapplied benefits and approval of excessive funds. Regarding manual merchandise refund transactions, the EBT contractor shall meet Federal and State restrictions on transaction dollar limits, number of transactions and total value of transactions per month. The transaction activity will be immediately updated to the EBT contractor's host database at the benefit level. At a minimum, however, the process must meet the real-time requirements described for refunds. The EBT contractor must update its host database with transaction activity on a real-time basis.

B. The EBT contractor must provide FNS authorized retailers with functionality to process POS SNAP refund transactions. The EBT contractor must confirm, in real-time, that there is an existing benefit linked to that account, otherwise the transaction must be denied. Program prefers that the EBT contractor also have in place a process to return funds to each individual benefit so that the total value of each benefit does not exceed its original value, and that the value of the refund does not exceed the total value of benefits previously debited. A transaction amount limit, as well as monthly limits on the total number and value of refunds, will be placed on the refund transactions by Program. The transaction must only be applied to the cardholder's SNAP and/or TANF account.

Conduent has reviewed and complies with this section's RFP requirements. All refunds or credits are applied in real time. We support all manual dollar limits and all transactions are updated in real time. EBT Connect supports SNAP refund transactions, immediately confirms account availability, limits refunds to the amount of the original transaction, limits the total number of and value of refunds, and the refunds or credits are only applied to the appropriate SNAP and/or TANF account.

4.15.2.12 Congregate Living Transactions for SNAP

A. The EBT contractor shall be required to support the redemption of SNAP benefits in congregate living arrangements for drug/alcohol treatment centers, blind/disabled group living facilities or other group providers. Currently, Nevada SNAP has nine (9) authorized group living retailer. To support these arrangements, the EBT contractor shall provide the following options:

1. An EBT account will be established for group home facilities and an alternate cardholder EBT card will be issued to the facility.

2. The transfer of funds between client and group home accounts will be accomplished through State administrative terminal functionality.

3. The transfer of funds from the client card to the group home will occur through POS terminals deployed in group home facilities and must meet the terms and conditions for terminal deployment, technical standards and requirements, maintenance, and support of terminals at group home locations.

B. The EBT contractor shall also be required to provide reports on congregate living transactions. Congregate living facilities shall also be provided with web access to their account information.

Conduent has reviewed and complies with this section's RFP requirements. ***We support congregate living transactions for group homes including drug/alcohol treatment centers, blind/disabled group living facilities, or other group providers in many of our other EBT programs. The transfer of funds between the cardholder and the group home can be accomplished using the EBT-only POS terminal deployed in the group home. We treat these congregate living facilities as exempt retailers and provide an EBT-only terminal to the group home once the group home has signed a retailer agreement. Once the group home has an established EBT account in EPPIC, a POS terminal is deployed.***

Congregate living transactions are reported as part of the daily activity, and reports are provided. Congregate living facilities that are established as retailers will have the ability to access account information using the retailer portal.

4.15.2.13 Key Entered SNAP Transactions

A. The EBT contractor shall accept and process SNAP EBT transactions where the card number (PAN) has been manually entered (key-entered) into the POS device. Transactions may be key-entered at times when a card presented by a client is damaged and/or the POS device is unable to read the magnetic strip accurately. The EBT card must be present for a retailer to conduct a key-entered transaction. The validation of the client's PIN is still required on key-entered transactions. If a PIN pad is defective or for other reasons a PIN does not accompany the transaction to the EBT host for processing, the EBT contractor shall deny the transaction.

B. The EBT contractor shall adopt other security measures to prevent client and retailer abuse/misuse of the key-entry feature. The EBT contractor shall ensure that the PAN printed on the transaction receipt is truncated, and the EBT contractor must be able to selectively disable or deny the capability of an EBT-only POS device from completing key-entered transactions. Finally, the EBT contractor shall track key-entered transactions by retailer, retailer address, device (terminal) number or ID number, FNS retailer number and card number. The EBT contractor shall propose procedures for responding to client reports of malfunctioning or defective equipment at retailer sites, including both EBT-only POS devices and retailer-owned devices.

Conduent has reviewed and complies with this section's RFP requirements. ***We support key-entered SNAP transactions and require PIN validation. As shown previously, all receipts have the PAN truncated, we are able to selectively disable EBT-only POS device, and we track all key-entered transactions collecting all the data listed in this requirement. Aside from cardholder reporting, EPPIC produces system-generated notifications of excessive use of key-entered transactions. This enables us to proactively address potential misuse.***

4.15.2.14 Farmers' Market/Direct-marketing Farmers' Support

The EBT contractor may be required to provide support, including the deployment of wireless POS devices, to specified retailers participating in the farmers' market program. The EBT contractor shall support FNS standards and requirements for the support of farmers' market retailers for the duration of the contract. The State may desire to provide additional support to farmers' market or

direct-marketing farmers in the future. Further discussion of this topic will occur during the JAD process.

Conduent has reviewed and complies with this section's RFP requirements. ***We recognize that access to local farmers' markets is an important mechanism to give SNAP and WIC recipients the ability to purchase fresh, wholesome foods. As part of our overall solution, we provide support, including the deployment of wireless POS devices, to Nevada-specified retailers participating in the farmers' market and direct marketing program. We look forward to discussing this further with you during the JAD sessions.***

WIC EBT Program Variances for Farmers' Market/Direct-marketing Farmers' Support

Unlike Farmers' Markets in the SNAP program, the WIC EBT Program includes participation in the Farmer's Market Nutrition Program (FMNP).

4.15.2.15 ACH Transactions

A. Retailer ACH Settlement

SNAP prefers to use their existing file formats for transmission of these ACH payment records. The EBT contractor shall accommodate these formats.

B. Pre-note Process

The EBT contractor's designated ODFI will initiate a zero dollar pre-note entry through the ACH to the Receiving Depositary Financial Institution (RDFI) for the purpose of validating account information provided by clients/providers. The ODFI should process the pre-note transactions in compliance with ACH rules. The EBT contractor and/or the ODFI shall provide an automated capability for SNAP staff to correct returned pre-note transactions.

C. Rejected ACH Settlements

ACH settlement, rejected due to inaccurate account information or closed accounts, shall be researched by the EBT contractor and, when possible, corrected and re-sent to the retailer or Third Party Processor account. The EBT contractor must return to the State any funds that could not be settled to the retailer within 90 calendar days of the initial ACH. If the responsibility for EBT-only acquiring is subcontracted, the subcontractor must also return any rejected settlement funds to the State within 90 days. The State will then forward any unsettled federal SNAP monies to FNS.

At a minimum, the EBT contractor shall provide the following information for each unsettled payment returned to the State: transfer type, total amount, federal SNAP amount, attempted settlement date(s), retailer/TPP name, and FNS retailer number if SNAP funds involved, and bank account number (including

the ABA bank number). Additional data elements may be required when FNS issues written procedures to address unsettled funds.

D. Notification of Change (NOC)

Notifications of Change (NOCs) are zero dollar ACH transactions sent by an RDFI to the ODFI to correct information contained in a pre-note or live ACH transaction. The EBT contractor and/or the ODFI shall develop an automated capability for the State to correct NOC information.

E. ACH Administrative Services

The EBT contractor shall provide ACH administrative services. The EBT contractor shall be required to record and maintain client or provider account information, update account information, remedy account errors or returns, and resolve payment issues with the client's or provider's financial institution. Clients or providers that report incorrect account information or change financial institutions without notice shall not have their funds transferred to the correct or new account until the EBT contractor has recovered any funds transferred to the incorrect financial institution or account.

F. ACH for TANF Transactions

The Nevada TANF Program requires ACH payment functionality to support the direct deposit of cash benefits into client and provider designated bank accounts. To support ACH payment services, the EBT contractor, or its designated Financial Agent, must have an ACH Originating Depository Financial Institution (ODFI) membership in the ACH network. The TANF Program will send the EBT contractor ACH payment set-up or update information through Batch Files or through administrative functionality. The EBT contractor, or its Financial Agent, shall originate these payments into the ACH payment network. The TANF Program staff will send the EBT contractor ACH payment information through the batch file process or host-to-host. The EBT contractor shall check for duplicate files and records within the ACH process. The EBT contractor shall initiate the settlement of direct deposit payments through the settlement procedures. The EBT contractor shall maintain ACH activity records on client and provider accounts, including date, amount and banking information.

Conduent has reviewed and complies with this section's RFP requirements. ***For ACH transactions we will use Nevada's existing file formats, and pre-note the client and provider bank accounts to ensure that the information is correct and valid. Our Settlement and Reconciliation Unit researches rejected transactions to identify the cause of the rejection and any funds not settled within 90 calendar days of the initial ACH transaction are returned to the Nevada along with required data related to the rejected funds.***

To manage banking information from a Notifications of Change (NOC), EBT Connect prepares an electronic file for transmission to Nevada, identifying those accounts that require correction using the Direct Deposit Management Screen, shown in Exhibit VI-68. If preferred, we also accept the batch transactions to update the direct deposit information.

In support of ACH administrative services, we record and maintain client or provider account information, update account information, remedy account errors or returns, and resolve payment issues with the client's or provider's financial institution and are fully prepared to support the direct deposit of cash benefits into client or provider designated bank accounts through our financial agent.

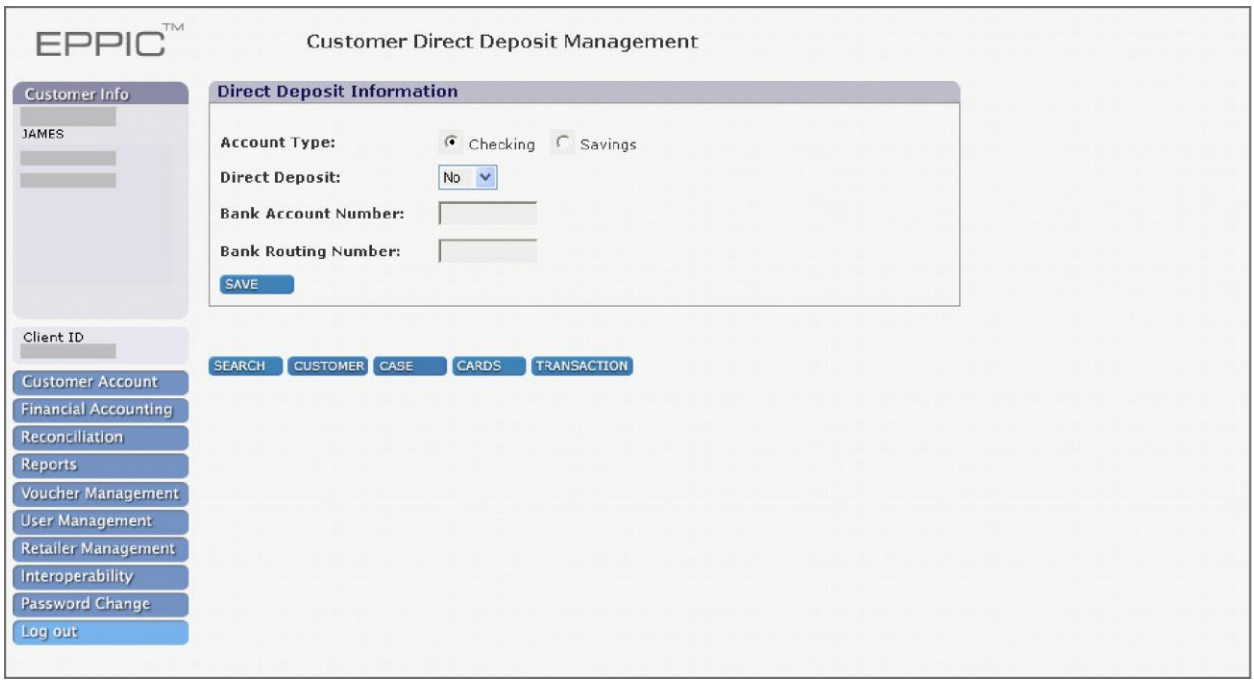

Exhibit VI-68. Direct Deposit Management Screen
This screen offers an easy method for providing appropriate account information.

4.15.2.16 Returns with SNAP

Returns are live dollar payments that are not accepted by the RDFI. The ODFI will receive returns on behalf of the State. The EBT contractor and/or the ODFI shall develop an automated capability for the State to accept and/or correct returns and shall provide sufficient detail on returns to allow the State to reconcile returns, to include client/provider identification number, name, social security number, bank account number and routing number, and process re-sends. The EBT contractor shall also provide the capability, at the option of the State, to post ACH returns to a client or provider's pre-existing EBT card. At the State's discretion, the State may require electronic notification from the EBT contractor to facilitate the State's automated generation of a letter of notification to the client.

Conduent has reviewed and complies with this section's RFP requirements. ***We support SNAP live dollar returns and provide supporting data for you to reconcile returns. We also have the ability to meet either of your discretionary methods for returning the funds. We will finalize your preferences during JAD sessions.***

4.15.2.17 Paper Vouchers (SNAP Only)

For those FNS-authorized retailers which do not arrange for commercial service and which have less than $100 per month in SNAP benefit redemptions, and under certain other conditions, the EBT contractor will be responsible for ensuring adequate recipient access to SNAP benefits in accordance with USDA FNS regulations by providing access via paper vouchers. The EBT contractor shall support manual transactions by providing a toll-free retailer customer service number so that retailers will have the ability to obtain a voice authorization. The EBT contractor shall hold benefit funds to cover voice authorizations.

Conduent has reviewed and complies with this section's RFP requirements. ***As described in our response to RFP Section 4.15.2.5, Manual SNAP Transactions and RFP Section 3.2.6, Processing Speed Requirements, we support small FNS-authorized retailers, including toll-free voice authorizations and hold benefit funds to cover voice authorizations.***

4.15.2.18 Voucher Clear Transactions (SNAP Only)

There are two (2) methods by which a manual voucher can be cleared. If the authorized retailer has a POS device, the retailer will convert the manual transaction to an electronic transaction for transmission to the EBT contractor when the POS device is again able to communicate with the EBT Host. EBT-only devices must be able to accept voucher clear transactions for all State BINs. The EBT contractor must route these transactions to the processor and settle funds to the retailer, in the same manner as any real-time interoperable transaction. The EBT contractor must accept, process and settle electronic voucher clear transactions from all sources, including those originating from out of state retailers. If the retailer does not have a POS device, the manual voucher will be mailed to the EBT contractor to be cleared.

Conduent has reviewed and complies with this section's RFP requirements. ***We are in full compliance with all voucher clear requirements. Please see our response to RFP Section 4.15.2.5, Manual SNAP Transactions and RFP Section 3.2.6, Processing Speed Requirement, for more information about the voucher clear process.***

4.15.2.19 Online Purchasing/Internet Shopping

FNS is currently conducting a pilot to test to evaluate the acceptance of SNAP benefits to pay for online food purchases. Nevada does not currently participate in this pilot but wishes to position itself to allow the online retailers selected by FNS to expand pilot coverage and accept SNAP and cash EBT benefits from Nevada EBT cardholders. The Vendor shall provide operational online purchasing, as part of its core pricing, immediately upon/within 12 months of conversion. To support this pilot the contractor shall:

A. Program the EBT system to recognize, accept and permanently store codes and data elements related to online transactions (as specified in X9.58-2013) including delivery street address and ZIP code.

B. Accept online SNAP and cash EBT transactions only through FNS-approved secure online PIN-entry service providers; reject all online transaction requests coming from any other TPPs.

C. Enable new transaction type/code to allow cash refunds for online retailers.

D. Display/include cash refunds with other transaction types where appropriate for existing screens, reports and files.

E. Enable new transaction method code/description to identify that the transaction was performed through an online website, rather than by swiping the card or key-entry of the card number.

F. Display the new method code or description on all screens that would normally indicate the transaction was swiped or keyed.

G. Include the new method code in all reports and State data files that normally indicate the transaction was swiped or keyed.

H. Enable process that allows online retailers to submit SNAP and cash EBT refund that do not contain a PIN value.

I. Examine each incoming transaction to determine if it is coded as an online transaction and take appropriate actions as follows:

    1. Compare all SNAP and cash EBT online transactions to the REDE file to validate that the retailer's FNS number is classified as an Internet Retailer (IR) store type; if not then deny the transaction.

    2. Validate that retailers classified as IR only perform authorized online transactions (no voucher, cash back, cash withdrawal, store and forward or in-store/wireless POS).

    3. Deny PIN-less transactions from retailers not classified as IR.

J. For online refund transactions from retailers classified as IR:

    1. Validate card and FNS numbers against the original purchase transaction;

    2. Ignore State-designated refund limits; and

3. For these retailers, the cardholder is not usually present (online) to enter a PIN or current card number at the time of a refund transaction. Instead, the online retailer identifies the specific purchase transaction that will receive a full or partial refund. The FNS-approved secure PIN-entry service provider matches the refund request back to the purchase transaction and ensures that the refunded value does not exceed the original amount. If there are multiple refunds for the same purchase, the service provider ensures that the total value of all refunds does not exceed the original purchase amount. They deny any excessive refunds. The service provider submits the card number and FNS number from the original purchase transaction in the authorization request to the EBT processor. There may be instances where one or both of these values is no longer valid.

K. Because there may be times (e.g., when a large order is cancelled) that a large refund would be warranted. This validation process described provides better controls and therefore is an acceptable replacement for the State-imposed refund limit.

L. Include all required data elements for online transactions in the ALERT file transmitted to FNS, utilizing version 2.00 of the ALERT specification.

M. Provide the standard daily and monthly online transaction summary totals report that was required to be developed for the pilot.

N. Provide the standard daily and monthly online transaction detail file in CSV format that was required to be developed for the pilot.

O. Display delivery street address and ZIP code on transaction detail screens.

P. Include delivery street address and ZIP code in the daily activity file.

Conduent has reviewed and complies with this section's RFP requirements. ***Just as we have taken a leading role in farmers' markets, we were acknowledged as one of three EBT processors who have agreed to perform system upgrades for the EBT Online Purchasing/Internet Shopping Pilot and pilot in a limited number of states. Working with FNS to conduct a pilot to test and evaluate the acceptance of SNAP benefits to pay for online food purchases allows the Conduent team the opportunity to expand our EBT products, services and software functionality while assisting the federal agency in policy development, procedural processes, and enhanced cardholder services.***

It is important to note, however, that implementation timelines and scope of the expanded pilot for Nevada's participation is totally controlled by FNS and the results of their evaluation of the pilot as it proceeds, to determine client usage and satisfaction.

4.15.3 SNAP/TANF Transaction Processing Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete.

4.15 SNAP/TANF TRANSACTION PROCESSING			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.15.3.1	System Accuracy	4.15.2.1	10
4.15.3.2	Transaction Interchange Specifications	4.15.2.2	10
4.15.3.3	Transaction Processing	4.15.2.3	10
4.15.3.4	Manual SNAP Transactions	4.15.2.4	10
4.15.3.5	SNAP Retailer Transactions	4.15.2.5	10
4.15.3.6	SNAP Transaction Validation	4.15.2.6	10
4.15.3.7	Invalid PIN Attempts	4.15.2.7	10
4.15.3.8	Hold Funds for SNAP	4.15.2.8	10
4.15.3.9	Interoperability Standard	4.15.2.9	10
4.15.3.10	Refunds	4.15.2.10	10
4.15.3.11	Congregate Living Transactions for SNAP	4.15.2.11	10
4.15.3.12	Key Entered SNAP Transactions	4.15.2.12	10
4.15.3.13	Farmers' Market/Direct-Marketing Farmers' Support	4.15.2.13	10
4.15.3.14	ACH Transactions	4.15.2.14	10
4.15.3.15	Returns with SNAP	4.15.2.15	10
4.15.3.16	Paper Vouchers (SNAP Only)	4.15.2.16	10
4.15.3.17	Voucher Clear Transactions (SNAP Only)	4.15.2.17	10
4.15.3.18	Online Purchasing/Internet Shopping	4.15.2.18	10

We have reviewed the required deliverables for RFP Section 4.15, SNAP/TANF Transaction Processing, and we will comply as illustrated in Table VI-18.

Table VI-18. SNAP/TANF Transaction Processing Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.15.3.1	***System Accuracy***	***4.15.2.1***	***10***	✓
4.15.3.2	***Transaction Interchange Specifications***	***4.15.2.2***	***10***	✓
4.15.3.3	***Transaction Processing***	***4.15.2.3***	***10***	✓

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.15.3.4	Manual SNAP Transactions	4.15.2.4	10	✓
4.15.3.5	SNAP Retailer Transactions	4.15.2.5	10	✓
4.15.3.6	SNAP Transaction Validation	4.15.2.6	10	✓
4.15.3.7	Invalid PIN Attempts	4.15.2.7	10	✓
4.15.3.8	Hold Funds for SNAP	4.15.2.8	10	✓
4.15.3.9	Interoperability Standard	4.15.2.9	10	✓
4.15.3.10	Refunds	4.15.2.10	10	✓
4.15.3.11	Congregate Living Transactions for SNAP	4.15.2.11	10	✓
4.15.3.12	Key Entered SNAP Transactions	4.15.2.12	10	✓
4.15.3.13	Farmers' Market/Direct-Marketing Farmers' Support	4.15.2.13	10	✓
4.15.3.14	ACH Transactions	4.15.2.14	10	✓
4.15.3.15	Returns with SNAP	4.15.2.15	10	✓
4.15.3.16	Paper Vouchers (SNAP Only)	4.15.2.16	10	✓
4.15.3.17	Voucher Clear Transactions (SNAP Only)	4.15.2.17	10	✓
4.15.3.18	Online Purchasing/Internet Shopping	4.15.2.18	10	✓

4.16 SNAP/TANF SPECIFIC REQUIREMENTS

We address your specific SNAP/TANF requirements throughout our response to this RFP section. However, as we explain in greater detail in our response to RFP Section 4.16.2, Activities, because there are some similarities with WIC EBT Program requirements in this section as well, we address them accordingly.

4.16.1 Objective

The following section describes the requirements for TANF program-specific deliverables. The Bidder should briefly describe how each of the defined deliverables would be provided. If the Bidder would like to propose any additions or different approaches to accomplishing the deliverables, those plans should be described.

Bringing Benefits and Meeting Objectives

- ***Conduent's settlement and reconciliation process is unique in the industry and is designed specifically to enhance and simplify settlement and reconciliation. Our approach helps avoid the potential inaccuracies of suspense accounting by including only settled transactions in daily settlement processing.***
- ***Our experience in developing and implementing enhancements to SNAP, TANF, and WIC EBT programs is second to none. We have experience with more EBT programs than any other contractor, giving you the sense of security that comes with successful experience.***
- ***TANF blocking provides program integrity; ensuring that benefits are used appropriately. We are forerunners in supporting the Middle Class Tax Relief and Job Creation Act of 2012—having more experience than any other contractor in enacting ATM blocking procedures—ensuring the integrity for your EBT Programs.***

Settlement and reconciliation processes are the mechanism to provide the State the assurance that funds are properly remitted for all three of your programs. Conduent operates a successful EBT system because we securely and accurately move funds to the proper end points, and we fully account for all funds. To achieve this goal, our experienced and highly skilled staff manages the settlement and reconciliation processes with utmost care and dependability. These methods provide the necessary reports and procedures to document and validate all financial activity, enabling the State of Nevada to be confident that money movement is efficient and trustworthy. In addition, we provide details in this section regarding our proven and successful approach to TANF blocking that will allow State staff to focus on other important issues.

4.16.2 Activities

In the following subsections, we demonstrate how our activities and deliverables meet the requirements of RFP Section 4.16, SNAP/TANF Specific Requirements, and ensure that DHHS' objectives are met. Although the RFP section includes "SNAP/TANF" in the title, there are many similarities in our Connect solutions for SNAP, TANF, and WIC. As such, our response to each RFP section includes our solution for all three EBT Programs. However, there are some instances where our WIC Connect solution differs from our EBT Connect solution, which we explain under a heading entitled "WIC EBT Program Variances" when applicable.

4.16.2.1 TANF Blocking

The Middle Class Tax Relief and Job Creation Act of 2012, H.R. 3630 was signed into legislation in 2012. States are required to take measures to prevent the access of TANF funds at liquor stores, casinos, and adult entertainment clubs. Nevada is seeking assistance in identifying ATMs at prohibited locations and creating a solution that meets the intent of the law. Nevada HHS is sensitive to these establishments and recognizes their economic role within the State. TANF participants may be employees in these prohibited establishments and access ATMs at their employer simply because of the convenience.

The EBT contractor shall be required to issue and replace EBT cards and PINs in compliance with FNS regulations 7 CFR §274.8.

Conduent has reviewed and complies with this section's RFP requirements. Our experience began with the State of California in 2010, where we blocked 14 categories and restricted cash access at more than 10,000 ATM and POS locations.

Identification and Categorization

We have a process that will assist you in identifying locations with ATM terminals where access to EBT cash benefits should not be allowed as well as a mechanism to actually block it. Each month, we review the ATM Activity Report against the existing deactivation log, by ATM terminal ID and location address, to identify any previously blocked ATM locations that need additional blocking. These may be ATMs that changed owners and require a new blocking request, locations with a change of processors (same location name and address but a new ATM terminal ID), or ATMs reported as blocked but accepting transactions during the review month.

We keep track of all FNS-authorized liquor store locations as "exceptions" and review each exception against our retailer reports to confirm that the location continues to be FNS-enrolled. Should a previously FNS-enrolled location become de-authorized, it is referred to State for review.

The most difficult part of any restricted access solution is identifying the location to be blocked. We use a combination of tools and techniques to find the likely locations to be restricted. We use name and known address searches and public industry lists and registrations (liquor licenses) to arrive at a draft list of targeted locations. This initial list is then refined based on internet searches to review the facility, location, and other factors. You always have final approval before any location is restricted.

How Locations are Blocked

In the past, we manually worked with TPPs to block access at the identified locations; we now offer an automated solution for blocking access. We perform TANF blocking by adding or removing potentially offending merchant locations and blocking or removing specific Merchant Category Codes (MCC) or Terminal Identifications (TIDs) in EPPIC using our Administrative Terminal. When the ISO message arrives at EPPIC, the transaction is denied if the MCC or TID matches the list of blocked MCCs or TIDs in the system. This automated solution ensures that any transaction performed at identified restricted locations is denied immediately. Please see our response in Section X, Other Informational Material, X.1, Conduent Innovations, for more information about TANF Blocking.

4.16.2.2 SNAP Accounting and Reconciliation

The EBT contractor shall plan to make Account Management Agent (AMA) updates through a daily batch file transmitted to the Richmond Federal Reserve Board (FRB), which serves as the account management agent on behalf of FNS. Richmond FRB has developed the AMA automated application on behalf of FNS to establish Letter of Credit controls for State EBT accounts and to monitor funding limits for each State EBT account. Although corrections and emergency updates can be made by the EBT contractor through a manual process on an administrative terminal application, these manual entries must be approved by the SNAP staff before AMA is updated.

The draw of Federal funds to settle SNAP benefit transactions is completed directly via U.S. Treasury's Automated Standard Application (ASAP) system by either the EBT contractor or the SNAP staff. If funds are being requested from ASAP through the ACH for next business day payment, the request will be made on the same business day in which the client performed the transaction. If funds are received from ASAP through fed wire for same day payment, then the funds request and draw down will occur on the next business day following the transaction. Federal SNAP funds should be deposited into a zero balance clearing account maintained by the EBT contractor for the settlement of EBT transactions. The EBT contractor shall be required to work with SNAP to develop appropriate procedures and time frames for the next business day settlement of Federal SNAP transactions.

Conduent has reviewed and complies with this section's RFP requirements. The Federal Reserve Bank of Richmond (FRB) serves as the Account Management Agent (AMA) for SNAP benefits. The AMA system interfaces with the Treasury Department's Automated Standard Application for Payment (ASAP), thus monitoring ASAP funding limits at the State level and performing reconciliation required by FNS.

Once all SNAP activity is reconciled, the ACH file is transmitted to our fiscal agent who has an originating and receiving membership in the national ACH network. Our fiscal agent prepares the file and sends it through the Federal Reserve System for next banking business day payment to the retailers, TPPs, and gateways. After we release the ACH file to the fiscal agent for processing, we request the SNAP draw through the ASAP system supported by the FRB for FNS. The AMA batch file then is processed to ensure that all system liabilities are posted.

Interface to Account Management Agent (AMA)

Once daily transaction cutoff occurs and all SNAP activity is reconciled, we confirm the aggregate amount owed to retailers, TPPs, and gateways and match the totals reported on our Benefit Liability Report. The result is the amount of funds to be requested through the automated AMA file to initiate a payment request on ASAP for the amount paid to the retailer banks for SNAP benefits.

After receiving our request for funds, the ASAP/AMA system verifies the availability of funds in your SNAP Letter of Credit (LOC) and authorizes the FRB to submit payment. Federal SNAP funds are deposited into a zero balance clearing account maintained by us for the settlement of EBT transactions. Federal funds are not drawn to cover unauthorized issuance or transactions in excess of recipient account balances.

We illustrate the process in Exhibit VI-69, which shows a sample of the actual content of the AMA automated data file, and the Benefit Liability Report with matching SNAP benefit totals. Displayed are issuance data, expungement, and returns that make up the aggregate total of funds that should post to the Conduent settlement account. Nevada's LOC is adjusted and updated with the receipt of any benefit authorization file received from the State and posted to cardholder accounts.

Benefit Liability Report

Report on the selected program type / program subprogram for dates between 09/28/2017 and 09/28/2017

	SNAP		CASH	
BEG LIABILITY BAL	0	$135,642,352.06	0	$3,588,564.81
BEN AUTH MONTHLY	0	$0.00	0	$0.00
BEN AUTH SUPP	1766	$325,997.00	82	$3,995.00
BEN CANCEL	0	($0.00)	0	($0.00)
BEN RETURN	10	($628.00)	0	($0.00)
BEN EXPUNGE	1773	($144,329.11)	69	($139.72)
BEN USE	402673	($10,217,159.97)	5746	($175,141.34)
TRX FEE	0	($0.00)	685	($979.60)
ADJ CREDIT	0	($0.00)	0	($0.00)
ADJ DEBIT	1	$23.82	0	$0.00
VOUCHER SETTLED	199	($11,475.63)	0	($0.00)
VOUCHER RET SETTLED	0	$0.00	0	$0.00
END LIABILITY BAL	406422	$125,594,780.17	6582	$3,416,299.15

QUERY

= to PDPBIS (IS=Issuance) on the AMA batch file

= to PDPBRO (RO=Return Other) on AMA batch file

= to PDPBRE (RE=Return expungement) on the AMA batch file

ama_batch_20150718 - Notepad

File Edit Format View Help

```
FH6442222215071820150718142406
PH12350001091789501008014179S6008
PDED20150718
PDPBIS00000032599700
PDPBRE00000014432911
PDPBRO00000000062800
PT12350001091789501008014179S6008        00000047095411000006
FT6442222215071820150718142406000008
```

095.NVEBTWIC17

Exhibit VI-69. Benefit Liability Report – AMA Funds Request
This online report displays a wide number of specific benefit types, summarized at the program and subprogram level and matches the AMA Funds Request.

Federal SNAP Benefit Settlement Workflow

Our process is simple and straightforward. We do not anticipate the need for corrections or emergency updates. However, should they become necessary; we will obtain your approval before the AMA is updated using manual

entries. Exhibit VI-70 illustrates process for SNAP benefits from their entry into EPPIC to their settlement to an exempt retailer or TPP for the SNAP portion of client benefits.

The following is a description of the process flow for SNAP benefits through settlement to EBT-only retailers or TPPs:

1. ***Nevada creates a benefit authorization file and transmits it to our EPPIC platform. EBT Connect posts the SNAP benefit authorizations from the file to the database and uses the benefit availability date in the benefit record to determine when cardholders may access benefits.***
2. ***Based on the availability date, EPPIC sends benefit issuance data to AMA to increase the State's letter of credit (LOC).***
3. ***Once cardholder SNAP benefits are made available, cardholders are able to access these benefits from an authorized POS terminal at a TPP site or an EBT-only retailer. The transactions are routed to EBT Connect for authorization and processing.***
4. ***At the end of each processing day, EBT Connect records financial transaction settlement totals and writes them to an ACH file. The ACH file then is transmitted to the settlement bank, for processing.***
5. ***On receiving the ACH file, our settlement bank transmits the ACH deposits (credits to the merchant bank accounts) to the Federal Reserve Bank for processing. The settlement bank is debited for the amount due to the retailers and TPPs for SNAP benefits.***
6. ***The Federal Reserve Bank ACH system regroups all of the ACH files it receives into transmissions for the appropriate TPP and EBT-only retailer banks.***
7. ***Following the established cutoff time, and after the ACH file is released for processing, the Settlement and Reconciliation Unit makes a payment request on ASAP for the amount paid to the retailer banks for SNAP benefits. This ASAP authorization is based on the transaction amount identified on the Clearing Report, shown in Exhibit VI-71 for the settlement day.***
8. ***EBT Connect sends the Clearing Report to SNAP staff to verify the settled and posted amount. The Clearing Report identifies the amount requested from ASAP by program level.***
9. ***After receiving our request for funds, the ASAP/AMA system verifies the availability of funds in your SNAP LOC and authorizes the Federal Reserve Bank to submit payment to our settlement account. Federal funds are not drawn to cover unauthorized issuance or transactions in excess of client account balances and we confirm the payment with our settlement account.***
10. ***Funds are deposited in the Conduent account.***

Funds are requested from ASAP through the ACH for next business day payment. If funds are received from ASAP through fed wire for same day payment, the funds request and draw down occur on the next business day following the transaction. Federal SNAP funds are deposited into a zero balance clearing account maintained for the settlement of EBT transactions. We will work with SNAP staff to develop appropriate procedures and timeframes for the next business day settlement of federal SNAP transactions.

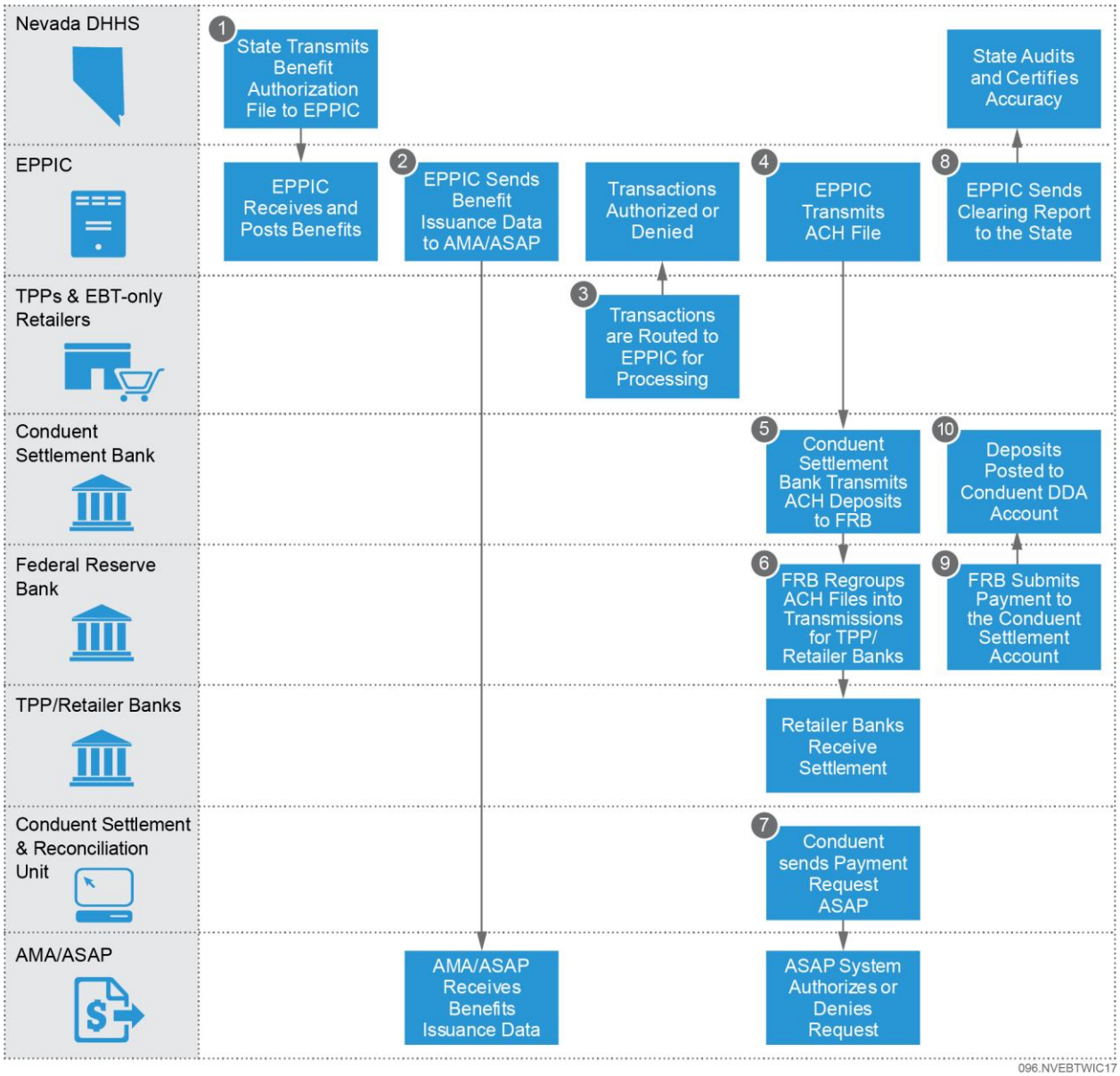

Exhibit VI-70. SNAP Settlement Flow

The process flow for SNAP benefits, from their entry into EPPIC to their settlement to EBT-only retailers or TPPs, is accurate and reliable.

```
STATE                                          CLEARING REPORT (RPT003)                                  PAGE: 1
PREPARED FOR: ST                              FOR: WEDNESDAY 09/27/2017                   RUN: THU, 09/28/2017 10:49 AM

PROGRAM TYPE          PROGRAM                      SUB-PROGRAM                        AMOUNT
------------  -------------------------  -----------------------------------  --------------------
CASH          CASH                        TEMPORARY EMPLOYMENT ASSISTANCE                    490.50
CASH          CASH                        NO SUBPROGRAM                                        0.00

              TOTAL FOR CASH                                                                 490.50

TOTAL FOR CASH                                                                               490.50

PROGRAM TYPE          PROGRAM                      SUB-PROGRAM                        AMOUNT
------------  -------------------------  -----------------------------------  --------------------
SNAP    SNAP                             SNAP NON-ASSISTANCE                                890.00
SNAP    SNAP                             SNAP PUBLIC ASSISTANCE                             201.00
SNAP    SNAP                             NO SUBPROGRAM                                        0.00

              TOTAL FOR SNAP                                                               1,091.00

TOTAL FOR SNAP    SNAP                                                                       1,091.00


TOTAL AMOUNT CLEARED (ALL PROGRAM TYPES): $      1,581.50


                                          ---------- END OF REPORT ----------
```

Amount of funds due from State for cash

Amount of ASAP draw from FNS

097.NVEBTWIC17

Exhibit VI-71. Sample Clearing Report

This report shows the amount, by program level, requested from ASAP.

4.16.2.3 TANF Settlement and Reconciliation

A. The EBT contractor shall be responsible for the execution of EBT settlement and reconciliation activities for TANF benefits. EBT settlement and reconciliation shall be conducted in accordance with current Federal regulations as updated throughout the life of the contract, and FNS Reconciliation and Settlement Guidance. The EBT contractor's host system shall operate on a 24-hour processing cycle. At a designated cutoff time, each day, the EBT contractor shall close out the current processing day and commence the next processing day. To support the settlement function, the EBT contractor or its designated financial agent must have an originating and receiving membership in the national ACH network. In order to promote the acceptance of EBT transactions, the EBT contractor shall be required to provide evidence of its, or its designated financial agent's ability to fulfill the settlement obligations specified in this RFP and shall comply with the QUEST® Operating Rules concerning an Issuer's ability to meet its settlement obligations. Evidence may be in the form of financial statements, bonds, guarantees or other assurances.

B. The EBT contractor shall be required to develop procedures and reports that will provide the State complete daily reconciliation and settlement verification processes. A comprehensive daily electronic report that reconciles all benefit transactions back to their original authorization and allows the TANF staff to easily ascertain the daily change in their outstanding obligations is required. This report, which is segmented by benefit type, would include:

1. Benefit authorizations;

2. Benefits pending;

3. Net benefit redemptions;

4. Benefits in suspense;

5. Repayments;

6. Expungements;

7. Adjustments;

8. Non-Federal or non-state liabilities (i.e., Contractor liabilities);

9. Non-settling transactions; and

10. Any other transactions that affect settlement and the resulting settlement amounts.

C. The EBT contractor shall designate a standard daily cutoff time for EBT transaction processing. The 24-hour period between the cutoff time on day one (1) and day two (2) constitutes the EBT transaction day. The specified cutoff time must allow the EBT contractor sufficient time to originate ACH payments for next day settlement. The EBT contractor shall maintain ledger accounts at the client/provider, program, and State and county office levels. Subsequent to cutoff, the EBT system must be balanced and reconciled. The EBT contractor shall compute the end of day net position or balance for each general ledger account. For each account, the end of day net position is equal to:

Opening Balance + Credits - Debits = End of Day Balance

D. The EBT contractor shall also balance the EBT system as a whole to ensure that the change in the net position in the sum of client accounts balances to the change in the net position of program accounts and that the change in the net position in the sum of the program accounts balances to the change in the net position (obligations outstanding) for State and Federal government funding agencies.

E. The EBT contractor shall meet Supplemental Nutrition Assistance Program reconciliation requirements of 7CFR §274.8 and FNS EBT Reconciliation and Settlement Guidance. The EBT contractor shall also use the SNAP reconciliation requirements to perform

reconciliation for all EBT programs. At a minimum, respondents shall propose procedures for reconciling:

1. Client account daily beginning balance and net draws versus the ending balance;

2. Client net redemptions versus acquirer settlement values;

3. Total funds entering, exiting, and remaining in the system each day;

4. Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all benefit programs;

5. Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all benefit programs;

6. Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all State and Federal government funding agencies;

7. The net settlement value of all transactions to the sum of the net settlement values for all benefit programs;

8. The net settlement value of cardholder account adjustments to the sum of the net settlement value of adjustments settled to retailer and ATM acquirers;

9. The net settlement value of all transactions to the sum of the net settlement values for all local offices;

10. Net redemptions of each program versus the daily suspense transactions that overlap daily ACH cut-off times plus the current daily activity;

11. Process for notifying the State of out-of-balance situations; and

12. Time frames for correcting out-of-balance situation.

F. As part of system balancing and reconciliation, the EBT contractor shall determine the total amount of Federal funds by program and the total amount of State funds by program necessary to reimburse its accounts for the total credits due to EBT acquirers. The information generated during system cutoff and balance processing shall be used by the EBT contractor to prepare the daily settlement files. The EBT contractor shall specify procedures for maintaining audit trails throughout the reconciliation and settlement processes.

G. As the State Accounting Office is responsible for daily reconciliation and reporting to the State Treasurer's Office and FNS, timely resolution of reconciliation issues is essential.

H. The EBT contractor shall provide 90 calendar day advance notice to the State prior to making any change in reconciliation reports, processes, data displays, etc.

Conduent has reviewed and complies with this section's RFP requirements. ***TANF settlement and reconciliation comply with FNS Reconciliation and Settlement Guidance, Quest Operating Rules, the SNAP requirements of 7CFR §274.8, and follow the same procedures as outlined previously for SNAP. For your three EBT Programs, we operate on a 24-hour processing cycle and we designate a standard daily cutoff time for EBT transaction processing as shown in Exhibit VI-72.***

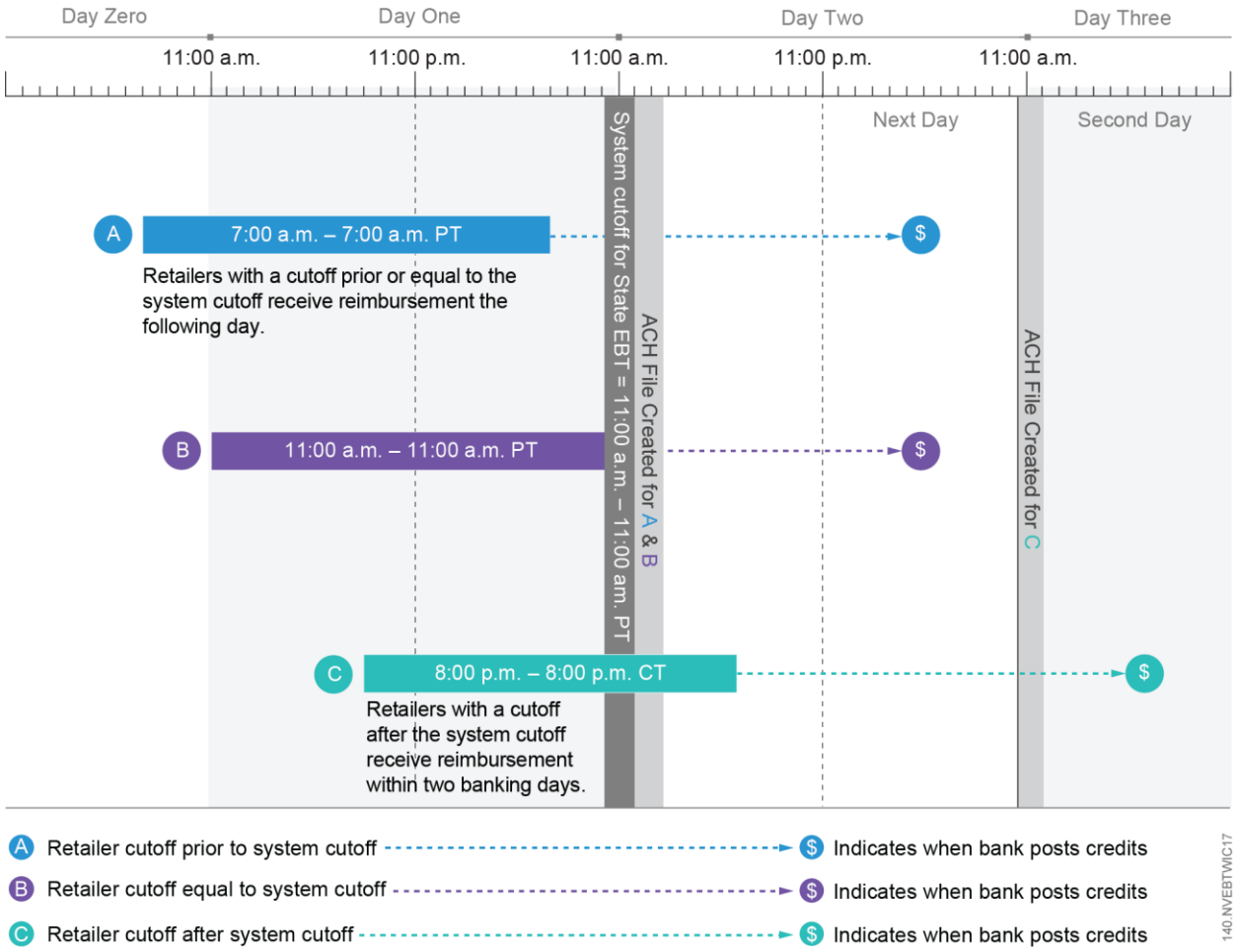

Exhibit VI-72. Retail Settlement Cycles

Retailers receive next-day settlement of funds for cutoff periods prior to or equal to Conduent's system cutoff.

SNAP and EBT Cash Comprehensive Daily Electronic Report

Our Benefit Liability Report (Exhibit VI-73) is supported by our System Accounting Report (Exhibit VI-74), which shows benefit authorizations, benefits pending, net benefit redemptions, benefits in suspense, repayments, expungements, expirations, adjustments, non-federal or non-State liabilities (i.e., EBT contractor liabilities), non-settling transactions, and other transactions that affect settlement, and the resulting settlement amounts.

Note that "benefits in suspense" and "non-settling transactions" do not exist in our approach to settlement and reconciliation, thus our ability to perform zero-balancing each day.

EPPIC™

Benefit Liability Report

User Info
Name:
Login:
09/28/2017 15:12:03
Act.:
09/28/2017 15:13:18

Recipient Account
Financial Accounting
Reconciliation
Reports
Voucher Management
AT User Management
Retailer Management
ATM/POS Blocking
Interoperability
User Profile
Password Change
Log out

Report on the selected program type / program / subprogram for dates between 09/27/2017 and 09/27/2017

	SNAP	SNAP		CASH	CASH	
BEG LIABILITY BAL	$40,460,927.28	0	$40,460,927.28	$2,958,091.81	0	$2,958,091.81
BEN AUTH MONTHLY	$9,628,347.00	44271	$9,628,347.00	$1,149,969.77	5592	$1,149,969.77
BEN AUTH SUPP	$0.00	0	$0.00	$0.00	0	$0.00
BEN AUTH HIP	$0.00	0	$0.00	$0.00	0	$0.00
BEN CANCEL	($1,039.00)	6	($1,039.00)	($745.00)	3	($745.00)
BEN CANCEL AUTH HIP	($0.00)	0	($0.00)	($0.00)	0	($0.00)
BEN RETURN	($0.00)	0	($0.00)	($0.00)	0	($0.00)
BEN EXPUNGE	($72,992.10)	706	($72,992.10)	($27.81)	2	($27.81)
BEN CASHOUT	($0.00)	0	($0.00)	($0.00)	0	($0.00)
BEN USE	($3,977,595.27)	107867	($3,977,595.27)	($789,372.29)	10164	($789,372.29)
TRX FEE	($0.00)	0	($0.00)	($4,045.37)	1993	($4,045.37)
CARD REP FEE	($1,185.00)	237	($1,185.00)	($140.00)	28	($140.00)
ADJ CREDIT	($0.00)	0	($0.00)	($200.00)	1	($200.00)
ADJ DEBIT	$188.00	4	$188.00	$822.95	5	$822.95
VOUCHER SETTLED	($502.42)	6	($502.42)	($0.00)	0	($0.00)
VOUCHER RET SETTLED	$0.00	0	$0.00	$0.00	0	$0.00
END LIABILITY BAL	$46,036,148.49	153097	$46,036,148.49	$3,314,354.06	17788	$3,314,354.06

QUERY

099.NVEBTWIC17

Exhibit VI-73. Benefit Liability Report
This online report displays a wide number of specific benefit types and is summarized at the program and subprogram level.

The System Accounting Report, selected from one of our other EBT programs, also depicts a valuable feature—two additional lines, highlighted, that show the reconciliation of the daily activity file (DAF) settlement totals to the total retailer deposits, with a difference of $0.00.

EPPIC™

System Accounting Report

User Info
Name:
Login:
09/28/2017 15:43:49
Act.:
09/28/2017 16:02:39

Recipient Account
Financial Accounting
Reconciliation
Reports
Voucher Management
AT User Management
Retailer Management
Interoperability
User Profile
Password Change
Log out

Report on the selected subprograms for dates between 09/27/2017 and 09/27/2017

	SNAP		CASH	
FS SALE	81916	$1,492,330.78	0	$0.00
FS RETURN	112	($1,462.21)	0	($0.00)
CASH WITHDRAW	0	$0.00	37	$3,236.72
CASH PURCHASE	0	$0.00	275	$4,981.88
TRX FEE	0	$0.00	54	$81.60
REVERSAL CREDIT	164	($2,973.00)	5	($255.22)
REVERSAL DEBIT	0	$0.00	0	$0.00
VOID CREDIT	2	($12.20)	0	($0.00)
VOID DEBIT	0	$0.00	0	$0.00
ADJ DEBIT	0	($0.00)	0	($0.00)
ADJ CREDIT	0	$0.00	0	$0.00
VOUCHER SETTLED	4	$100.54	0	$0.00
VOUCHER RET SETTLED	0	($0.00)	0	($0.00)
BEN CASHOUT	0	$0.00	0	$0.00
TOTAL RETAILER DEP	82198	$1,487,983.91	371	$8,044.98
DAF SETTLEMENT TOTALS	0	$1,487,983.91	0	$8,044.98
DAF SETTLEMENT DIFFERENCE	0	$0.00	0	$0.00
BEG VOUCHER BAL	0	$5,430.32	0	$0.00
VOUCHER AUTH	5	$98.17	0	$0.00
VOUCHER SETTLED	4	($100.54)	0	($0.00)
VOUCHER SETTLE DIFF	0	($0.00)	0	($0.00)
VOUCHER EXPIRE	0	($0.00)	0	($0.00)
END VOUCHER BAL	9	$5,427.95	0	$0.00
BEG VOUCHER RET BAL	0	$275.65	0	$0.00
VOUCHER RET AUTH	0	$0.00	0	$0.00
VOUCHER RET SETTLED	0	($0.00)	0	($0.00)
VOU RET SETTLE DIFF	0	($0.00)	0	($0.00)
VOUCHER RET EXPIRE	0	($0.00)	0	($0.00)
END VOUCHER RET BAL	0	$275.65	0	$0.00

QUERY

100.NVEBTWIC17

Exhibit VI-74. System Accounting Report
This report is used to validate daily reconciliation activities.

Balancing the System

As part of our daily reconciliation process, we balance the system for each account by computing the end-of-day net position or balance for each benefit program type. This is calculated using the formula:

Opening day balance + credits – debits = End-of-day balance

Using the Benefit Liability Report and System Accounting Report, as well as the processes and methods for the entire settlement and reconciliation function, we use certain key reports to balance the system. The Benefit Liability Report, which is broken down by program level and subprogram level, displays the end-of-day net position of the system by program. It provides details on all issuances into the system with a sum total of the transaction-level debits. The detail includes credits, such as normal food and cash issuances, and also displays debits such as expungements and cancelled or returned deposits.

The System Accounting Report, also broken down by program level, shows the overall net debits for food and cash purchases, as well as the offsetting credits, such as SNAP returns, voids, and adjustments. The report validates daily reconciliation activities.

Other Reports

We use other reports to validate the summary totals, which may include the Account Activity Report, shown in Exhibit VI-75, that identifies all benefit issuances received from Nevada that have been generated from either the batch process or the Administrative Terminals. The report provides totals by program type for each transaction type, and includes a grand total of activity for all programs at the end of the report. The report is compared to the summary issuance totals reported on the Benefit Liability Report to validate all credit issuance activity (new issuances) and all debit issuance activity (cancellations, claims repayments).

ACCOUNT ACTIVITY REPORT (RPT001) PAGE: 1

PREPARED FOR: STATE FOR: Monday, 9/25/2017 RUN: MON, 9/25/2017 4:26 PM

ORIGIN	ENTRY DATE/TIME		PROG	TRANSACTION TYPE		CASE NUM	PAN	AMOUNT
ONLINE/POS	09/25/2017	15:32:07	FS	FS	PURCHASE	16309xxxx	5077180xxxxxxxxx	0.00
ONLINE/POS	09/25/2017	15:32:33	FS	FS	PURCHASE	17142xxxx	5077180xxxxxxxxx	0.00
ONLINE/POS	09/25/2017	15:33:01	FS	FS	PURCHASE	16210xxxx	5077180xxxxxxxxx	0.00

TRANSACTION SUMMARY:

ACCOUNT ACTIVITY REPORT (RPT001) PAGE: 1220

PREPARED FOR: STATE FOR: MONDAY 09/25/2017 RUN: MON, 09/25/2017 4:26 PM

PROGRAM TYPE: SNAP
PROGRAM: SNAP

	ONLINE/UIT		ONLINE/POS		EXTERNAL FILE	
	COUNT	AMOUNT	COUNT	AMOUNT	COUNT	AMOUNT
ADJUSTMENTS	0	0.00	0	0.00	0	0.00
VOUCHER AUTHORIZATION	0	0.00	0	0.00	0	0.00
VOUCHER SETTLEMENT	0	0.00	3	0.00	0	0.00
BENEFIT AUTHORIZATION	0	0.00	0	0.00	0	0.00
BENEFIT CANCEL	0	0.00	0	0.00	0	0.00
EXPUNGEMENTS	0	0.00	0	0.00	0	0.00
REPAYMENTS	0	0.00	0	0.00	0	0.00
TRANSACTION FEES	0	0.00	0	0.00	0	0.00
PURCHASES	0	0.00	0	0.00	0	0.00
REVERSALS	0	0.00	0	0.00	0	0.00
RETURNS	0	0.00	0	0.00	0	0.00
WITHDRAWALS	0	0.00	0	0.00	0	0.00
VOIDS	0	0.00	1	0.00	0	0.00
OTHER	0	0.00	0	0.00	0	0.00
TOTALS	0	0.00	0	0.00	0	0.00

TRANSACTION TYPE	COUNT	AMOUNT
VOUCHER AUTHORIZATION	14	0.00
VOUCHER SETTLEMENT	4	0.00
EXPUNGEMENTS	98	0.00
PURCHASES	50877	0.00
REVERSALS	68	0.00
RETURNS	69	0.00
VOIDS	1	0.00

ACCOUNT ACTIVITY REPORT (RPT001) PAGE: 1221

PREPARED FOR: STATE FOR: Monday, 9/25/2017 RUN: MON, 09/25/2017 4:26 PM

ALL PROGRAMS:

	GRAND TOTAL	
	COUNT	AMOUNT
SNAP TOTAL	61034	0.00
GRAND TOTAL	61034	-967,555.09

---------- END OF REPORT ----------

Page 1

101.NVEBTWIC17

Exhibit VI-75. Account Activity Report

This report provides totals by program type for each transaction type and includes a grand total of activity for all programs at the end of the report.

EBT Connect also produces the daily Database Value Report, which is shown in Exhibit VI-76. This report details the value of the outstanding liability for unused benefits residing on the system at the end of the processing day. It provides totals by benefit type, rolled up into the program types, with totals reported by program types. This value is calculated by taking the previous day's ending balance and adding appropriate credits to recipient accounts (e.g., benefit authorizations, refunds) and subtracting appropriate debits (e.g., purchases, debit adjustments). This generates the new daily ending database value that is then reported to the State to assist staff in balancing the benefit programs. The new daily ending balance for the previous day becomes the beginning balance for the current processing day.

STATE
PREPARED FOR: ST

DATABASE VALUE REPORT (RPT004)
FOR: WEDNESDAY 09/20/2017

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PROGRAM TYPE: CASH
PROGRAM: CASH
SUB PROGRAM: TEMPORARY EMPLOYMENT ASSISTANCE

TRANSACTION TYPE	COUNT	AMOUNT
ADJUSTMENTS	0	0.00
VOUCHER SETTLEMENT	0	0.00
BENEFIT AUTHORIZATION	4	2,699.99
BENEFIT CANCEL	0	0.00
EXPUNGEMENTS	0	0.00
REPAYMENTS	1	-25.00
TRANSACTION FEES	0	0.00
PURCHASES	2	-40.00
REVERSALS	0	0.00
RETURNS	0	0.00
WITHDRAWALS	9	-450.50
VOIDS	0	0.00
OTHER	0	0.00

PREVIOUS BALANCE - TEMPORARY EMPLOYMENT ASSISTANCE: $ 1,325.00
CURRENT BALANCE - TEMPORARY EMPLOYMENT ASSISTANCE: $ 3,509.49

STATE
PREPARED FOR: ST

DATABASE VALUE REPORT (RPT004)
FOR: WEDNESDAY 09/20/2017

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PROGRAM TOTALS:

TRANSACTION TYPE	COUNT	AMOUNT
ADJUSTMENTS	0	0.00
VOUCHER SETTLEMENT	0	0.00
BENEFIT AUTHORIZATION	4	2,699.99
BENEFIT CANCEL	0	0.00
EXPUNGEMENTS	0	0.00
REPAYMENTS	1	-25.00
TRANSACTION FEES	0	0.00
PURCHASES	2	-40.00
REVERSALS	0	0.00
RETURNS	0	0.00
WITHDRAWALS	9	-450.50
VOIDS	0	0.00
OTHER	0	0.00

PREVIOUS BALANCE - CASH: $ 1,325.00
CURRENT BALANCE - CASH: $ 3,509.49

The State's outstanding cash liability on EPPIC. Available authorizations, but not yet accessed

STATE
PREPARED FOR: ST

DATABASE VALUE REPORT (RPT004)
FOR: WEDNESDAY 09/20/2017

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PROGRAM TYPE: SNAP
PROGRAM: SNAP
SUB PROGRAM: FS PUBLIC ASSISTANCE

TRANSACTION TYPE	COUNT	AMOUNT
ADJUSTMENTS	0	0.00
VOUCHER SETTLEMENT	0	0.00
BENEFIT AUTHORIZATION	0	0.00
BENEFIT CANCEL	0	0.00
EXPUNGEMENTS	0	0.00
REPAYMENTS	0	0.00
TRANSACTION FEES	0	0.00
PURCHASES	2	-201.00
REVERSALS	0	0.00
RETURNS	0	0.00
WITHDRAWALS	0	0.00
VOIDS	0	0.00
OTHER	0	0.00

PREVIOUS BALANCE - SNAP PUBLIC ASSISTANCE: $ 600.00
CURRENT BALANCE - SNAP PUBLIC ASSISTANCE: $ 399.00

Amount sent to AMA to fund the State's letter of credit

The State's outstanding cash liability on EPPIC. Available authorizations, but not yet accessed

STATE
PREPARED FOR: ST

DATABASE VALUE REPORT (RPT004)
WEDNESDAY 09/20/2017

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UNUSED BENEFIT LIABILITY BY FEDERAL AND STATE FISCAL YEARS

FEDERAL FY	STATE FY	SNAP	CASH
2006	2006	0.00	0.00
	2007	0.00	0.00
2007	2007	0.00	0.00
	2008	0.00	0.00
2008	2008	0.00	0.00
	2009	0.00	0.00
2009	2009	0.00	0.00
	2010	355.00	2,349.99
2010	2010	0.00	0.00
	2011	0.00	0.00
2011	2011	0.00	0.00
	2012	0.00	0.00
2012	2012	0.00	0.00
	2013	0.00	0.00
2013	2013	0.00	0.00
	2014	0.00	0.00
2014	2014	0.00	0.00
	2015		
TOTALS		355.00	2,349.99

---------- END OF REPORT ----------

102.NVEBTWIC17

Exhibit VI-76. Database Value Report

This report provides Nevada with all data relevant to the settlement and reconciliation process.

TANF Settlement Flow

With the exception of Step 2 for SNAP settlement, which sends SNAP benefit issuance data to the AMA to increase Nevada's letter of credit, the TANF settlement flow mirrors the SNAP settlement flow. Exhibit VI-77 is a graphical representation of the complete TANF settlement process.

Only after the full settlement cycle is complete for both SNAP and TANF benefit issuance, benefit delivery, reconciliation, and payment to retailers, TPPs, ATMs, gateways, and acquirers followed by confirmation from the bank where funds are deposited, is the process considered complete.

WIC EBT Program Variances for TANF Settlement and Reconciliation

Unlike the SNAP and TANF EBT Programs, WIC does not follow the same Quest Operating Rules. While SNAP permits returns, WIC only allows replacement of redeemed benefits and there are no corresponding benefit returns for cash benefits. Expungements for SNAP/TANF occur on a yearly cycle, while there is no corresponding expungement for WIC because WIC benefits automatically expire if they aren't used within the benefit authorization cycle. Finally, balancing of individual accounts does not exist because WIC prescriptions have no specific funds allotment equivalent to SNAP or TANF benefits.

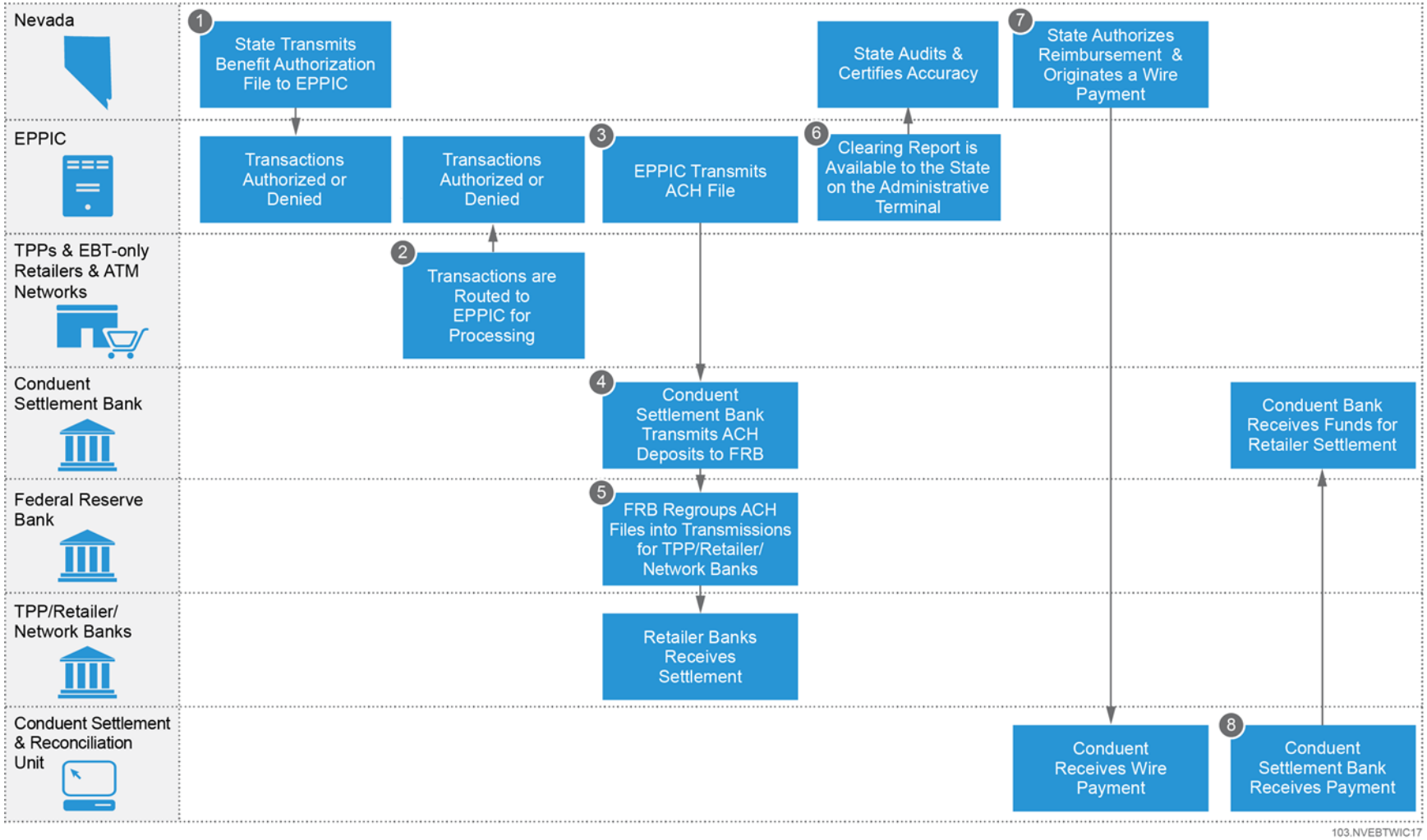


Exhibit VI-77. Cash Settlement Flow

This exhibit illustrates the process flow for cash benefits from their entry into EPPIC to their settlement to a TPP, EBT-only retailer, or ATM network.

4.16.3 SNAP/TANF Specific Requirements Deliverables

Some deliverables are specific to only the program in question and will be written specific to the needs of that program and delivered to and reviewed by the staff of that program.

The following table presents the deliverables that will be required for the EBT contractor to complete.

4.16 SNAP/TANF SPECIFIC REQUIREMENTS PROGRAM			
DELIVERABLE NUMBER	**DESCRIPTION OF DELIVERABLE**	**ACTIVITY**	**STATE'S ESTIMATED REVIEW TIME (WORKING DAYS)**
4.16.3.1	TANF Blocking	4.16.2.1	10
4.16.3.2	SNAP Accounting and Reconciliation	4.16.2.2	10
4.16.3.3	TANF Settlement and Reconciliation	4.16.2.3	10

We have reviewed the required deliverables for RFP Section 4.16, SNAP/TANF Specific Requirements, and we will comply as illustrated in Table VI-19.

Table VI-19. SNAP/TANF Specific Requirements Deliverables

Deliverable Number	Description of Deliverable	Activity	State's Estimated Review Time (Working Days)	Conduent Compliance
4.16.3.1	***TANF Blocking***	***4.16.2.1***	***10***	✓
4.16.3.2	***SNAP Accounting and Reconciliation***	***4.16.2.2***	***10***	✓
4.16.3.3	***TANF Settlement and Reconciliation***	***4.16.2.3***	***10***	✓

Section VII Company Background and References [RFP 10.2.2.7]

REQUIREMENT: RFP Section 10.2.2.7

10.2.2.7 Section VII – Company Background and References

Vendors shall place their written response(s) to Section 5, Company Background and References in bold/italics immediately following the applicable RFP question, statement and/or section. This section shall also include the requested information in Section 5.2, Subcontractor Information, if applicable.

As clarified by Question #110 of Amendment 1, we have only returned the portions of the RFP that require a response. As required, we have placed our written responses in bold/italics immediately following the applicable RFP question, statement, and/or section. As such, our response to Section VII, Company Background and References is presented in RFP Section 5, Company Background and References, immediately following this page. This section also includes the requested information in relation to our subcontractors in RFP Section 5.2, Subcontractor Information.

5. COMPANY BACKGROUND AND REFERENCES

Bringing Benefits and Meeting Objectives
• ***Conduent's history of collaboration with government agencies is defined by growth, service enhancements, and program expansion. The State of Nevada benefits from this because you get an experienced contractor that understands your needs and is always looking forward to make the programs we service better for our state partners.***
• ***We offer DHHS a technical solution currently successful in 26 other state EBT programs and ten WIC EBT programs, a seasoned team of experts accountable for program prosperity, and a government-focused organization with extensive experience in electronic payment services transitions/conversions, implementations, and operations.***
• ***A strong project management approach combined with responsive communication, collaborative planning, experienced staff, and dedication to customer service is the foundation for success for the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project.***

In all state RFPs for services, qualifications are a major criteria that must be successfully met. The Nevada Department of Health and Human Services' (DHHS') RFP for Electronic Benefit Transfer (EBT) and Cash Benefit System is no different. And there is a good reason why DHHS places such a high importance on an organization's experience—you need to know if the contractor you entrust to deliver your EBT Programs can do the job, and more importantly, do it well.

Over the course of 20 years, Conduent has demonstrated our expertise in government services and program management. Our efforts support numerous programs and our decades of experience translate into low risk and high value for you. We currently provide EBT services for 26 states and WIC EBT services for ten states across the United States. During the past years, we have continuously built on lessons learned and real-world expertise, working hand in hand with our state customers to make sure our solutions meet our customer's needs. Additionally, we are very familiar with the Mountain Plains State Consortium (MPSC) state agency model (SAM) MIS selected by Nevada. Our experience implementing the MPSC MIS in Vermont allowed us to gain valuable knowledge as we worked closely with the MIS contractor to implement the modifications required to change benefit issuance for WIC EBT from an offline process to an effective online solution. Our deep understanding of the specific challenges you face every day allows us to offer a level of unmatched real-world experience and expertise.

Our efficient solution for your three EBT Programs ensures that each cardholder gets their benefits when they need them, and provides the system flexibility you need so that when requirements change, your program can quickly adapt without a lot of expensive or time-consuming coding.

To gain program efficiency and reduce operational costs, Nevada will benefit from a partnership with a contractor that has an established, successful record of providing EBT and WIC EBT services. Conduent is committed to a flexible, low-risk approach to human services delivery that enhances satisfaction, increases program productivity, and improves efficiency for you and your stakeholders.

Put simply, we provide comprehensive solutions to provide services for state and governmental agencies that are the best fit for achieving their goals. We help achieve these goals by meeting the needs of all program stakeholders—from cardholders receiving benefits and retailers/vendors serving them, to the agency staff working to make a difference in the lives of those you assist.

Throughout the following subsections, we include information that details our track record for providing the services requested, including a team of experienced, trustworthy EBT and WIC EBT professionals with demonstrated expertise in delivering those services. We provide evidence of our corporate qualifications, as well as information and examples of our applicable prior experience and expertise managing transitions and complex financial operations.

We address the following RFP sections in the remainder of this section:

5.1 Vendor Information
5.2 Subcontractor Information
5.3 Business References
5.4 Vendor Staff Skills and Experience Required
5.5 Vendor Staff Resumes
5.6 Preliminary Project Plan
5.7 Project Management
5.8 Quality Assurance
5.9 Metrics Management
5.10 Design and Development Processes
5.11 Configuration Management
5.12 Peer Review Management
5.13 Project Software Tools

5.1 VENDOR INFORMATION

Bringing Benefits and Meeting Objectives
• ***We know that continuing with your current contractor and avoiding a transition may appear like the less painful option. However, with us, the transition is seamless and transparent. We have completed 21 highly successful electronic EBT conversions, making the transition low risk for the State.***
• ***Choosing us as your next contractor provides you the opportunity to improve and enhance services for all stakeholders. Each of the other state agencies that made the switch recognized the value we bring with unmatched expertise and we are confident you will appreciate our improvements as well.***

DHHS' mission to promote the health and well-being of constituents through the delivery or facilitation of essential services to ensure families are strengthened, public health is protected, and individuals achieve their highest level of self-sufficiency is essential to many people across the State. Individuals receiving your services are, by definition, working to overcome financial or nutritional challenges. For many of them, receiving a benefit card is a critical first step on an upward path toward financial security, improved children's health, or greater family stability. For every program cardholder, this path should be as clear and easy to follow as possible.

To assure the success of this mission, you need an experienced and reliable contractor with the track record and personnel expertise necessary to transition services without interruption. That contractor also should provide a vast network of subject matter experts, innovative technology, and the scope of corporate resources to support the overall goals of the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project. Furthermore, your contractor should provide the highest quality services and the most innovative, flexible solution that supports efficient, cost-effective future expansion—Conduent *is that contractor****.***

Clearly, choosing to stay with your current contractor and avoid a transition altogether is an option. However, selecting this alternative could prevent you from enhancing services for cardholders and program administrators. While we agree that change might introduce some element of risk and possibly some challenges as well, we are confident that the overall benefit of the enhancements we can provide would serve to outweigh any issues that may arise. With us, transition is "easy" as evidenced by our 21 highly successful electronic EBT conversions, and it provides you the opportunity to improve areas of the program with which you may not be satisfied. Each of the other state agencies made the switch to Conduent because they recognized us as having a better solution, that we provided the most value for the cost, and that we brought unmatched industry expertise. Furthermore, your three Nevada EBT Programs' success is ensured by our track record of flawless transitions of statewide WIC programs from paper to WIC EBT.

Our transition approach is based on an established methodology; flexible, reliable system architecture, supported by a team of experts whose sole purpose is to provide a seamless, transparent, risk-free transition experience. There have been many lessons learned and experiences gathered over the years that enable us to perform a virtually transparent transition for cardholders, retailers, vendors, and State staff.

Conduent is a leading provider of information technology and business process outsourcing solutions to state and local government customers. With project operations in all 50 states and abroad, we maintain a current portfolio of several hundred contracts.

Throughout our history, we have provided the highest quality systems and support solutions on behalf of publicly funded health and human services, workforce, and treasury agency programs nationwide. Today, we remain steadfast in our focus on offering our government customers premier, needs-specific, and innovative technology across a range of government benefit programs. Innovation is an ongoing process—a continuous series of changes, a combination of revolution and evolution. The ever-changing field of government human services requires constant innovation—and we have been at the forefront every step of the way.

Whether it is implementing EBT, WIC EBT, eCC, EPC services, or continuing to develop new solutions such as Electronic Visit Verification (EVV), we have been working constantly to improve service to individuals, ease implementations, protect against fraud, and lower overall expenditures for our state customers. Our specialized services/solutions include:

Electronic Benefits Transfer (EBT). Individuals in need get their benefits quickly and accurately with EBT cards powered by EPPIC. Our EBT Connect solution gives cardholders secure, convenient access to information and funds through a web portal and an innovative mobile app to be available to our customers in 2018. As detailed in our response to RFP Section 5.1.10, Experience Providing EBT and WIC Services, the Ohio Department of Job and Family Services and other state customers are now using our EBT Intelligent Analytics Portal (IAP) to combat fraud, waste, and abuse.

Women, Infants and Children (WIC) EBT. The federal mandate to implement EBT for WIC has a deadline of 2020, which is right around the corner. We help states reduce risk and ensure a smooth transition as the move quickly to automate their paper processes. We were the first to introduce online WIC EBT for the state of Michigan, and our standard WIC Connect solution makes use of proven best practices—no need to start from scratch.

Electronic Payment Cards (EPC). The possibilities of disbursement using payment cards are nearly endless. Our Go Program makes it easy for a wide variety of government program cardholders to use benefits wherever major debit cards are accepted, making needed purchases such as groceries, gasoline, school clothes, or utilities. From post-disaster emergency benefits to unemployment insurance, to foster care and adoption payments, our programs make access simple and secure.

Electronic Child Care Time and Attendance Tracking (eCC). Improving service for parents and child care providers alike, our eCC solution incorporates technology to make lives easier. Parents use a convenient card, biometric, or mobile application to check their child in and out of daycare, creating electronic records of real-time check-in and check-out that facilitate automatic payment calculations and speedy payments to providers.

Electronic Visit Verification (EVV). Our visit verification solutions use mobile, biometric, or interactive voice response (IVR) technology to accurately track subsidized program delivery, simplifying things for both the individuals using a subsidized service and the entity providing it.

Supplemental Nutrition Assistance Program (SNAP) Automation Solution. SNAP automation is a commercial off-the-shelf (COTS) solution that enables automation of food stamp eligibility and provision processes. Staff members and citizens all interact using the same application, and the web interfaces they see are optimized for the specific tasks they have to complete.

Low-Income Home Energy Assistance Program (LIHEAP). ***LIHEAP is an eligibility solution for organizations that provide heating assistance to low-income families. It provides web portal access to citizens who wish to apply for online benefits, while capturing required demographic, income, and home information through configurable questionnaires.***

Pre-admission Screening and Resident Review (PASRR) Solution. ***PASRR provides fast and easy compliance with Centers for Medicaid and Medicare Services (CMS)-mandated screening processes for individuals with serious mental illness or mental retardation (MI/MR). Featuring configurable Level I screening and Level II evaluation services, coupled with a configurable workflow and escalation process, the PASRR solution enables states and nursing facilities to meet and fulfill current and future MI/MR needs.***

Temporary Assistance for Needy Families (TANF) Automation Solution. ***TANF automation uses question-package triggers and rules, streamlining the application process to enhance usability. Rather than presenting applicants with every question, they are prompted to answer only those questions pertaining specifically to their responses.***

Our solid business foundation enables us to deliver reliable, value-added services for our customers. Put simply, our focus is running our business and emphasizing innovation in our services with the mission of continuously evolving to meet customers' changing needs. Our business strategy is to expand our customer base and enhance our service offerings by recognizing a need within the industry and responding to it through development of effective new solutions, marketing, acquisitions, and investments. Both EBT and WIC EBT represent industry needs that we identified early, and in which we have developed unparalleled expertise. You can rely on us to meet your program needs today and in the future. Our real-world experience and expertise means you can rely on a successful delivery and the highest quality ongoing support.

In the following section, we provide all the information requested in RFP Section 5.1, Vendor Information.

5.1.1 Vendors shall provide a company profile in the table format below.

Question	Response
Company name:	***See Table VII-1***
Ownership (sole proprietor, partnership, etc.):	
State of incorporation:	
Date of incorporation:	
# of years in business:	
List of top officers:	
Location of company headquarters:	
Location(s) of the office that shall provide the services described in this RFP:	
Number of employees locally with the expertise to support the requirements identified in this RFP:	
Number of employees nationally with the expertise to support the requirements in this RFP:	
Location(s) from which employees shall be assigned for this project:	

In Table VII-1, we provide our company profile information.

Table VII-1. Conduent's Company Profile

Question	Response
Company name	***Conduent State & Local Solutions, Inc.***
Ownership (sole proprietor, partnership, etc.)	***For-profit Corporation***
State of incorporation	***New York***
Date of incorporation	***1963***
Number of years in business	***54***
List of top officers	• ***David A. Amoriell, President*** • ***Don Hubicki, Executive Vice President*** • ***J. Michael Peffer, Director, Secretary, Vice President*** • ***Robert Starr, Treasurer*** • ***Brian Walsh, Director, Senior Vice President***
Location of company headquarters	***Conduent State & Local Solutions, Inc. is located at:*** ***12410 Milestone Center Drive, 5th Floor,*** ***Germantown, MD 20876.*** ***Conduent, Inc. is located at:*** ***100 Campus Dr., Suite 200*** ***Florham Park, NJ 07932***
Location(s) of the office that shall provide the services described in this RFP	• ***Project Management:*** – ***Genoa, Nevada*** – ***Sacramento, California*** – ***Austin, Texas*** • ***EPPIC Technical Support and Services (including retail management, settlement and reconciliation, and system testing):*** – ***Austin, Texas*** – ***Testing as required onsite in Carson City, Nevada or at Conduent's Austin, Texas location*** • ***Data Centers:**** – ***Dallas, Texas*** – ***Pittsburgh, Pennsylvania*** • ***Conduent Call Centers Customer Service Locations*** – ***San Antonio, Texas*** – ***Sandy, Utah*** – ***London, Kentucky*** – ***Gas City, Indiana*** – ***Oscoda, Michigan*** – ***Ridgeland, Mississippi*** – ***Cherry Hill, New Jersey*** – ***Erie, Pennsylvania*** – ***Tallahassee, Florida*** – ***San Juan, Puerto Rico***
Number of employees locally with the expertise to support the requirements identified in this RFP	***Two*** ***Project Manager Angie Hernandez and Vice President of Program Management Todd Halter are both located within a couple hours of Carson City, Nevada.***
Number of employees nationally with the expertise to support the requirements in this RFP	***We have more than 85,000 employees company-wide, more than 4,400 employees work for Conduent State & Local Solutions, and 415 employees are focused on our payment services programs who can support this project and the RFP requirements.***

Question	Response
Location(s) from which employees shall be assigned for this project	***The majority of our proposed team works remotely at various locations but are available to travel to Carson City, Nevada as required.*** ***Conduent Project Manager Angie Hernandez is located in Sacramento, California, and WIC EBT Project Manager Jeff Vinsant is located in Austin, Texas. They are both supported by Vice President of Program Management Todd Halter, who is located in Genoa, Nevada. Our technical team is located in Austin, Texas.***

**** Data center locations are expected to change over the life of the contract as we transition to even more robust Tier 3 Data Centers. While this may require a change in locations, all data centers will remain within the United States. We will notify the State of any changes as they occur, and the transition will be seamless to the State.***

5.1.2 **Please be advised**, pursuant to NRS 80.010, a corporation organized pursuant to the laws of another state shall register with the State of Nevada, Secretary of State's Office as a foreign corporation before a contract can be executed between the State of Nevada and the awarded vendor, unless specifically exempted by NRS 80.015.

Conduent State & Local Solutions, Inc. is registered pursuant to the State of New York and is registered as a foreign corporation with the State of Nevada, Secretary of State's Office. Please see our response to RFP Section 5.1.3, State of Nevada License.

5.1.3 The selected vendor, prior to doing business in the State of Nevada, shall be appropriately licensed by the State of Nevada, Secretary of State's Office pursuant to NRS76. Information regarding the Nevada Business License can be located at http://nvsos.gov.

Question	Response
Nevada Business License Number:	***See Table VII-2***
Legal Entity Name:	

Is "Legal Entity Name" the same name as vendor is doing business as?

Yes	***X***	No	

If "No", provide explanation.

We understand that prior to doing business in the State of Nevada, we need to be appropriately licensed by the State of Nevada, Secretary of State's Office pursuant to NRS76. In Table VII-2, we provide our business license information.

Table VII-2. Conduent's State of Nevada Business License Information

Question	Response
Nevada Business License Number	***NV19911026030***
Legal Entity Name	***Conduent State & Local Solutions, Inc.***
Is "Legal Entity Name" the same name as vendor is doing business as? (If "No", provide explanation)	***Yes***

5.1.4 Vendors are cautioned that some services may contain licensing requirement(s). Vendors shall be proactive in verification of these requirements prior to proposal submittal. Proposals that do not contain the requisite licensure may be deemed non-responsive.

Conduent confirms that any licensing required for us to provide the services and deliverables under required by the RFP are in place.

In accordance with this RFP, and as clarified in Answer #124 of Amendment 1, Conduent understands that the Nevada EBT and Cash Benefit Project does not include the creation of software for the State or the licensing of software to the State; that all tools used to deliver the services described within our RFP response are proprietary, being owned either by Conduent or by relevant third parties; and that such intellectual property is clearly defined per RFP Section 12.3.11.6. We provide a list of our EPPIC platform software specifications in our Confidential Technical Proposal, Section II.1, Software Tools and EPPIC Software Specifications, Table II-3.

5.1.5 Has the vendor ever been engaged under contract by any State of Nevada agency?

Yes	***X***	No	

If "Yes", complete the following table for each State agency for whom the work was performed. Table can be duplicated for each contract being identified.

Question	Response
Name of State agency:	***See Table VII-3***
State agency contact name:	
Dates when services were performed:	
Type of duties performed:	
Total dollar value of the contract:	

Conduent has developed a line of business focused on providing systems, solutions, and services that support workforce, human services, health programs, and other government services projects. Our mission in the human services field is to improve the administration of publicly funded health and human services programs by working in collaboration with customers to solve the challenges of state governments. In Nevada, we have five local employees and currently provide services for the Office of the State Treasurer Unclaimed Property Division.

In Table VII-3, we provide information for contracts Conduent State & Local Solutions, Inc. currently has or recently has held within the last five years, with a State of Nevada.

Table VII-3. Previous Nevada Experience

Question	Response
Experience #1	
Name of State agency	***Office of the State Treasurer Unclaimed Property Division***
State agency contact name	***Sheila Salehian***
Dates when services were performed	***07/01/2014 – 06/30/2018***
Type of duties performed	***Provision of unclaimed property audits and compliance services per Nevada Revised Statute (NRS) 120A and Nevada Administrative Code (NAC) 120A***
Total dollar value of the contract	***NTE $7,000,000***

Question	Response
Experience #2	
Name of State agency	Office of the State Treasurer Unclaimed Property Division
State agency contact name	Kim Perondi
Dates when services were performed	09/01/2010 – 06/30/2014
Type of duties performed	Provision of unclaimed property audits and compliance services per Nevada Revised Statute (NRS) 120A and Nevada Administrative Code (NAC) 120A
Total dollar value of the contract	NTE $6,000,000
Experience #3	
Name of State agency	Office of the State Treasurer Unclaimed Property Division
State agency contact name	Linda Everhard
Dates when services were performed	09/01/2014 – 08/31/2018
Type of duties performed	Provision of securities custodian services per Nevada Revised Statute (NRS) 120A, NRS 603A, and Nevada Administrative Code (NAC) 120A
Total dollar value of the contract	NTE $800,000.00 approximately $200,000.00 per each year of the contract
Experience #4	
Name of State agency	Office of the State Treasurer Unclaimed Property Division
State agency contact name	Stacey Johnson
Dates when services were performed	07/13/2010 – 08/31/2014
Type of duties performed	Provision of securities custodian services per Nevada Revised Statute (NRS) 120A, NRS 603A, and Nevada Administrative Code (NAC) 120A
Total dollar value of the contract	NTE 700,000
Experience #5	
Name of State agency	Office of the State Treasurer Unclaimed Property Division
State agency contact name	Cherrie McDowell
Dates when services were performed	07/01/2011 – 06/30/2014 07/01/2014 – 06/30/2015 07/01/2015 – 06/30/2016 07/01/2016 – 06/30/2017 (Automatically renew annually for additional one year terms, unless a party provides prior written notice of nonrenewal at least 30 calendar days before the end of the annual period)
Type of duties performed	Provision for database of unclaimed property owner information (MissingMoney.com) for the purpose of assisting in owner reunification efforts
Total dollar value of the contract	No fee
Experience #6	
Name of State agency	Department of Employment, Training and Rehabilitation
State agency contact name	Denise Miller
Dates when services were performed	07/10/2007 – 12/31/2016
Type of duties performed	Provision of electronic disbursement of unemployment benefits
Total dollar value of the contract	Undetermined, contingency-based contract pricing

5.1.6 Are you now or have you been within the last two (2) years an employee of the State of Nevada, or any of its agencies, departments, or divisions?

Yes		No	***X***

If "Yes", please explain when the employee is planning to render services, while on annual leave, compensatory time, or on their own time?

If you employ (a) any person who is a current employee of an agency of the State of Nevada, or (b) any person who has been an employee of an agency of the State of Nevada within the past two (2) years, and if such person shall be performing or producing the services which you shall be contracted to provide under this contract, you shall disclose the identity of each such person in your response to this RFP, and specify the services that each person shall be expected to perform.

None of our proposed personnel are current employees of an agency of the State of Nevada nor have they been an employee of an agency of the State of Nevada within the past two years.

5.1.7 Disclosure of any significant prior or ongoing contract failures, contract breaches, civil or criminal litigation in which the vendor has been alleged to be liable or held liable in a matter involving a contract with the State of Nevada or any other governmental entity. Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor's ability to perform or fulfill its obligations if a contract is awarded as a result of this RFP shall also be disclosed.

Does any of the above apply to your company?

Yes	***X***	No	

If "Yes", please provide the following information. Table can be duplicated for each issue being identified.

Question	**Response**	
Date of alleged contract failure or breach:	***See Table VII-4***	
Parties involved:		
Description of the contract failure, contract breach, litigation, or investigation, including the products or services involved:		
Amount in controversy:		
Resolution or current status of the dispute:		
If the matter has resulted in a court case:	Court	Case Number
Status of the litigation:		

Over the past six years, Conduent State & Local Solutions, Inc. (formerly known as Xerox State & Local Solutions, Inc.) has had only one case where we have been alleged to be liable in a matter involving a government contract. However, this issue will not adversely affect our ability to perform or fulfill our obligation to the State of Nevada should a contract be awarded as a result of this RFP. In Table VII-4, we provide the requested information.

Table VII-4. Contract Failures, Breaches, and Litigation

Question	Response	
Date of alleged contract failure or breach	Litigation filed on Dec. 3, 2015 in the Circuit Court for Anne Arundel Co., Maryland and removed to the US District Court for the District of Maryland on Feb. 26, 2016	
Parties involved	Anne Arundel County, Maryland v. Xerox State & Local Solutions, Inc.	
Description of the contract failure, contract breach, litigation, or investigation, including the products or services involved	In this lawsuit, Anne Arundel County, Maryland ("County") originally alleged breach of contract, breach of warranty, intentional misrepresentation, negligent misrepresentation, nondisclosure or concealment, and conversion against Xerox, and also sought injunctive relief, in connection with Xerox's contract with the County to provide billing services for the County's ambulance service.	
Amount in controversy	Plaintiff alleges damages in excess of $75,000	
Resolution or current status of the dispute	In an amended complaint filed on Apr. 21, 2016, the charges of breach of warranty and injunctive relief were dropped. In September 2016, the court dismissed the claims of nondisclosure or concealment and conversion. This case is pending.	
If the matter has resulted in a court case	Court	Case Number
	US District Court, District of Maryland	1:16-cv-00563-JFM
Status of the litigation	Pending	

In addition, Conduent has had no claims or litigation within the past six years that may adversely affect its ability to perform or fulfill its obligations if a contract is awarded as a result of this RFP.

5.1.8 Vendors shall review and provide if awarded a contract the insurance requirements as specified in ***Attachment D, Insurance Schedule for RFP 3292.***

As required, Conduent will comply with the insurance requirements specified in Attachment D, Insurance Schedule for RFP 3292.

5.1.9 Company background/history and why vendor is qualified to provide the services described in this RFP. Limit response to no more than five (5) pages.

Over the course of 20 years, Conduent has demonstrated our expertise in government services and program management. We have been a provider of EBT services for state SNAP and TANF programs since 1996 and have supported WIC EBT programs since 2005, when we began the contract for the nation's very first WIC EBT program for the State of Michigan. Truly distinctive among other industry contractors, we blend the capabilities of an information technology company with a long and distinguished history of assisting government agencies in the delivery of critical benefit and payment programs.

Our solution for your three EBT Programs relies on our EPPIC platform, which we designed specifically for government customers. EPPIC is the technical centerpiece for multiple Conduent government programs related to electronic payment services and was designed to have the flexibility and versatility to handle various types of benefit programs—such is the case for our EBT, WIC EBT, EPC, and eCC programs. Furthermore, we made sure EPPIC would be easy to learn and use, so you do not have to worry about your staff working with a complicated computer system.

Virtually any government program that administers benefits to recipients can be processed by EPPIC, which offers an excellent platform that can evolve with the needs of the State over time. In 2016 alone, EPPIC reliably and securely delivered benefits to millions of cardholders processing over 3.2 billion transactions while maintaining 99.97 percent system availability. The EPPIC platform supports our Connect solutions for your three EBT Programs: EBT Connect and WIC Connect. Our Connect solutions provide state administrators with online, real-time access to program information through EPPIC. They automate the distribution of benefits, streamline the process, and give program participants wider access to benefits while eliminating inefficiencies and cost-intensive printing and distribution functions. They also provide cardholders with access to the latest 90 days of transaction history online. By using our Connect solutions, our state government customers can save time and money, and experience fewer errors and faster settlement.

Our wide-ranging experience can help you support the cardholders you currently serve. We are eager to assist you in your mission and with program planning needs. We know that our contributions can make a real difference to the success of your three EBT Programs. In the following subsections we describe our experience and showcase just how Conduent is the right contractor for the job. We also show evidence of how transitioning to a Conduent-run program is easier than you may think.

Company Background/History

Conduent State & Local Solutions, Inc. (Conduent) is a wholly owned subsidiary of Conduent Business Services, LLC (Conduent Business Services). Effective January 1, 2017, Conduent Incorporated (Conduent, Inc.) was spun off from Xerox Corporation as a separate corporate entity, with Xerox Business Services (now Conduent Business Services) as its wholly owned subsidiary. As a wholly owned subsidiary of Conduent Business Services, Conduent State & Local Solutions, Inc. is an indirect subsidiary of Conduent, Inc. Effective February 16, 2017, the name of Xerox State & Local Solutions, Inc. was changed to Conduent State & Local Solutions, Inc. Our firm was established in 1963. Table VII-5 provides a high-level overview of our company history.

Table VII-5. History of Conduent

Date	High-Level Overview
1963	Firm was incorporated as Datacom Systems Corporation in New York State
1988	Lockheed Corporation purchased Datacom Systems and renamed it Lockheed Datacom
1989	Company was renamed Lockheed Information Management Services (IMS)
1995	Lockheed Martin Corporation renamed the company Lockheed Martin IMS
2001	Affiliated Computer Services, LLC (then Affiliated Computer Services, Inc.) purchased Lockheed Martin IMS, which became ACS State & Local Solutions, Inc.

Date	High-Level Overview
2010	Xerox Corporation acquired Affiliated Computer Services, LCC, which became ACS, a Xerox Company
2012	ACS, a Xerox Company was renamed Xerox Business Services, LLC ACS State & Local Solutions, Inc. was renamed Xerox State & Local Solutions, Inc.
2017	Xerox Services splits from Xerox to become Conduent Incorporated Xerox State & Local Solutions, Inc. was renamed Conduent State & Local Solutions, Inc.

We offer a rich history of more than 50 years supporting government and commercial organizations across the United States. At the core of our services to more than 1,700 federal, state, and local programs across the country, is the creation of solutions based upon our strategy of integrating industry best practices with state-of-the-art technologies—our Ohio EBT, Oklahoma WIC, and Louisiana EBT success stories, described in the next proposal section, provide insight into our ability to leverage technologies and our ability to help when our customers are in need. It is through this approach that we are able to deliver strong technical and administrative experience to agencies like DHHS in conjunction with cost-conscious solutions. By successfully serving the diverse needs of government agencies, we advance their service missions to citizens. It is important to note that we pursue government services programs and innovation in these areas not just as a business directive, but because they define Conduent's business and our culture.

Our capabilities for state and local governments consist of a broad portfolio of enterprises in business process services. We deliver business process functions for areas of specialization that include:

- ***Electronic payment systems, transaction processing, and disbursement operations for government programs like state-administered benefits and child support payments***
- ***Transportation solutions for automated tolling, fare, photo enforcement, and parking for cities and regions of all sizes***
- ***Call center and customer service support for hundreds of government programs, as part of our global network of customer care operations***
- ***Healthcare assistance, tracking, and transaction processing systems for Medicaid programs***

Our smaller-scale government programs include an array of specialized solutions for courts, emergency services, unclaimed property, and pension systems. The customized solutions we develop, implement, and operate for our customers draw from industry-specific knowledge and collective company experience.

Experience and Qualifications for the Services Requested in this RFP

As noted, we understand there are other contractors that could provide your requested services, or that you could even choose to stay with your current contractor. What distinguishes us from these other contractors is our industry expertise, our versatility, and ability to transition programs. For over 20 years we have provided support for children, families, and state stakeholders and in this time we have refined our solutions and our customer service skills. The following descriptions showcase our experience and prove that we have the qualifications to deliver the services requested by DHHS. Please see our response to RFP Section 5.1.10, Experience Providing EBT and WIC Services, for more information about our demonstrated experience in providing EBT and WIC EBT services

Industry Expertise—Versatility to Support Multiple Government Programs

Conduent partners with government agencies, offering our customers technology-enabled delivery of benefits, payments, and other public services. With a history of developing innovative government solutions, we have become one of the largest providers of technology services to state and local governments in the United States, and we are currently the number one pure-play (focused on delivering services only) competitor in the business process services industry. Our experience includes providing EBT services for state SNAP and TANF programs since 1996 and supporting the nation's first statewide online WIC EBT system, implemented in Michigan in 2008—we have focused on supporting state, local and federal government programs from the very beginning.

Our support for EBT, WIC EBT, and other types of state and local programs across the country, shown in Exhibit VII-1, demonstrates our ability to serve the unique and diverse needs of government customers.

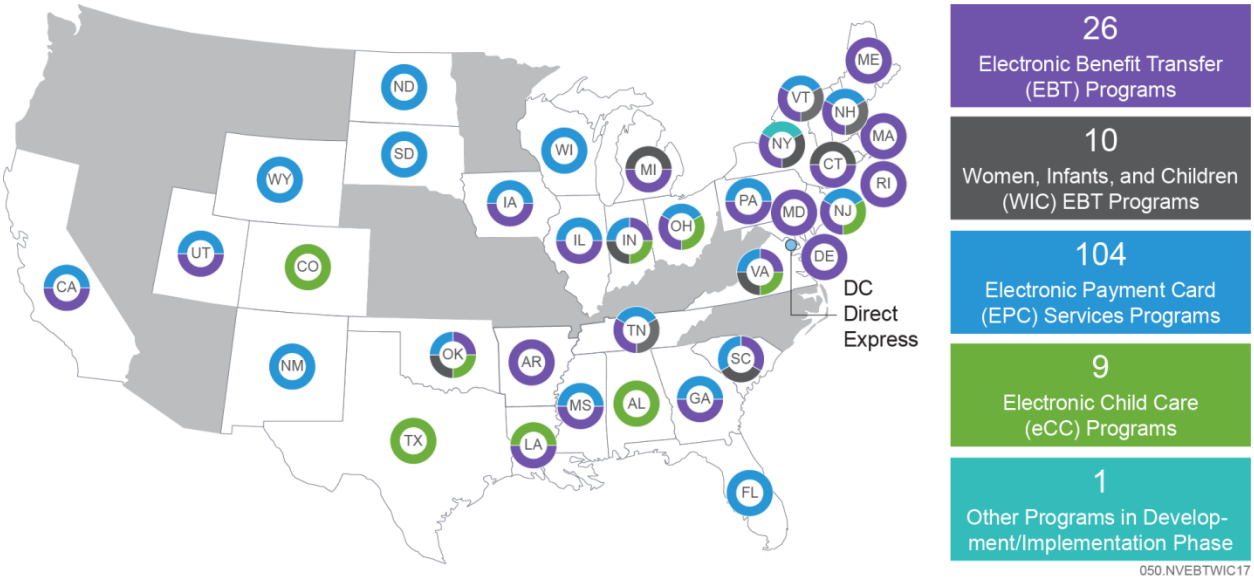


Exhibit VII-1. Nationwide Electronic Payment Services Experience
We have a wide array of specially tailored state payment programs, serving states, municipalities, and federal programs.

Supporting 150 programs across 35 states and the District of Columbia, Conduent provides service, reliability, and convenience to millions of customers through our EBT, WIC EBT, and related solutions. Our extensive experience in these programs has taught us that flexibility is one of the most important elements of their success. Just as no two customers are alike, neither are any two programs. By working cooperatively with our state partners, we address the unique nuances of each program, thereby providing better service to cardholders and to the government agencies serving them. Our commitment to EBT, WIC EBT, and related electronic benefit programs has been a hallmark of our success in the industry—we find specific solutions for our customers' specific needs.

As noted, the EPPIC processing system we designed specifically for EBT also supports our operations for WIC EBT and related card-based payment services programs, serving as the platform for our Connect solutions for your three EBT Programs: EBT Connect and WIC Connect

After our initial successes in EBT, EPPIC's inherent flexibility meant we could adapt it for far more than just SNAP and TANF. Just as it eliminated paper food stamps for our customers, we used it to eliminate paper checks for all types of state-administered payments, with debit cards for unemployment insurance, payroll, tax returns, worker's compensation, and many other programs.

From debit card programs, we began to adapt EPPIC for more complex programs. Our WIC Connect solution incorporates food and formula prescriptions, Universal Product Codes, and Price Look-ups in accordance with the program's complex policies. And our eCC solution tracks day care time, attendance, and payments according to the policies of subsidized child care. We have designed an EVV solution as well, using mobile technology to allow a state to verify the identity of both the caregiver and the care recipient to track authorized adult health care services. While other contractors' solutions are based on commercial-type systems, we designed EPPIC specifically for government applications.

Ability to Transition Programs

The majority of our programs are supported by our full-function processing system, EPPIC. Each required an initial implementation, a transition from a previous contractor, or updates to our solution from one contract to the next. Our ability to transition programs across the nation and never dropping a single penny in the process, allows us to offer you the peace of mind that a conversion to Conduent will warrant minimal disruption to services. Data conversions have long been a core strength at Conduent, and we have refined our process to minimize the impact to schedules, operations, and constituents. In this time, we have:

- ***Planned and managed electronic conversions for EBT programs ranging in caseload size from 93,000 to more than 1.9 million***
- ***Transitioned nearly 10 million EBT cases to EPPIC, on time and without incident***
- ***Never dropped a case or had to back out of any transition due to system or balancing problems***
- ***Balanced every transition to the penny***

Unlike other competitors that may claim more conversions, the 21 conversions that we have completed are true electronic conversions and don't include conversions from paper processing to electronic processing—more than anyone else in the industry. Our Utah EBT success story, located in the next proposal section, helps support our implementation and transition experience. Exhibit VII-2 shows the states, state systems, and caseloads we have converted to EPPIC, the provider whose format we converted, and the downtime associated with each conversion.

Furthermore, Nevada's WIC EBT Program success is ensured by our track record of six flawless transitions of statewide WIC programs from paper to WIC EBT. Our experience includes the nation's first statewide online WIC EBT system implemented in Michigan, as well as nine other WIC EBT programs. Our Indiana WIC and Vermont WIC success stories, located in the next proposal section, help support our WIC EBT implementation expertise.

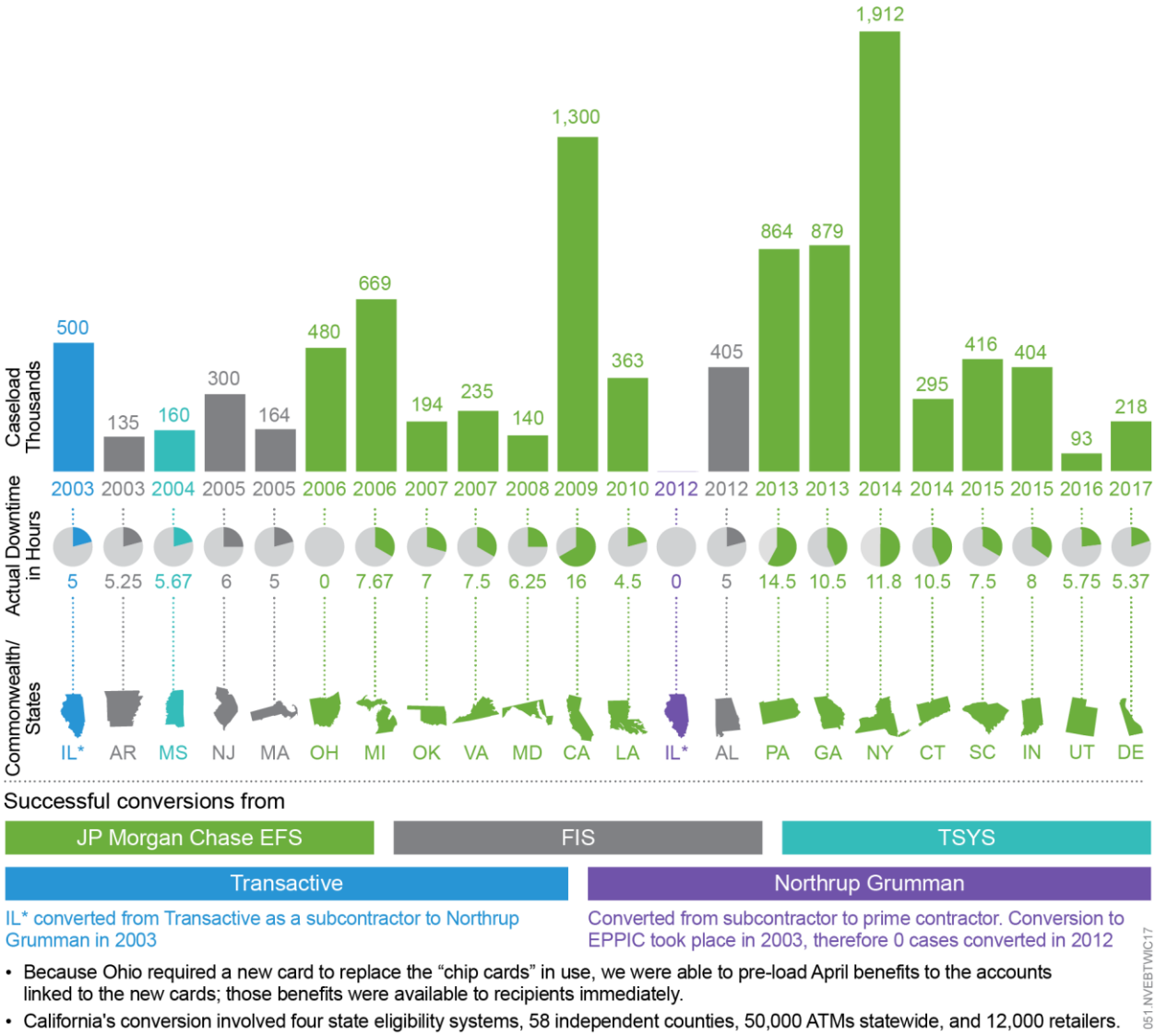


Exhibit VII-2. EBT Database Conversion Experience

Conduent has unmatched EBT conversion experience based on our history of successfully transitioning numerous state EBT systems from five different contractors.

5.1.10 Provide a brief description of the length of time vendor has been providing services described in this RFP to the public and/or private sector.

As previously noted, Conduent is a proven services provider with decades of experience providing EBT and WIC EBT services. We have developed and refined our EBT Connect and WIC Connect solutions, both of which are based on our EPPIC platform, which is easily customized to process multiple benefit types, and enables our state government customers to use it to save millions of dollars—the perfect choice for your three EBT Programs.

In the following subsections, we provide detailed information about our experience with EBT and WIC EBT. We also include information for other relevant public sector payment services programs we support.

EBT and WIC EBT Success Stories

Our history cited previously in RFP Section 5.1.9, Company Background/History, is representative of our commitment to the success of EBT and WIC EBT services. In this subsection we share a few recent success stories that highlight our achievements providing services similar to those requested in this RFP. Our success stories presented in Exhibits VII-3, VII-4, VII-5, VII-6, VII-7, VII-8, and VII-9, include:

- ***Fraud Detection for a Southern state (name withheld for confidentiality)***
- ***Effective implementation of WIC system for the Indiana Department of Health***
- ***Disaster recovery teamwork for the Louisiana Department of Children and Family Services***
- ***Project of the year award for the Ohio Department of Job and Family Services***
- ***Smooth transition of EBT system for the Utah Department of Workforce Services***
- ***Stepping in for a vendor who pulled out of the card services business for the Vermont Department of Health***
- ***Innovation of year for the Oklahoma Department of Health***

Success Story

Client: Southern state (name withheld for confidentiality)
Focus: Fraud Detection

In 2017 one of our EBT clients, the Department of Social Services in a southeastern state, successfully prosecuted a case of fraudulent collusion between a retailer and cardholder. Using our standard EBT reports, the agency flagged a retailer that was accepting a much higher volume of EBT funds than was normal for its merchant type. The state's legal team used our Intelligent Analytics Portal (IAP) data warehouse tool to develop the case, showing that the retailer had been using fraudulent transactions to allow an EBT cardholder to exchange SNAP funds for cash. Sheila Hoeppner, our vice president for fraud prevention, whose court testimony was also essential to the case, received this appreciation from the state's attorney general:

"You handled yourself very well on the witness stand and I appreciate your preparation and patience with the process.The state secured a guilty verdict, and I believe a large portion of that was due to getting the records into evidence through you as a records custodian for Conduent. I also believe presenting the records in an organized format through use of the data warehouse was a vital part of the trial.

I look forward to working with you in the future. Please let me know if I can be of any assistance. Please pass along my thanks to the whole Conduent team who assisted in this request!"

This successful prosecution demonstrates the value of our extensive fraud analytics capabilities. Our IAP tool allows agencies to find potentially fraudulent card use, to explore related patterns of activity by cardholder, retailer, and geographic area—and, as we showed this year, to develop evidence for prosecuting fraudulent activity.

114.NVEBTWIC17

Exhibit VII-3. Fraud Detection Success Story

Success Story

Client: Indiana Department of Health

Focus: Effective Implementation of WIC EBT system

In March 2015, Conduent was awarded a contract to implement a new Women, Infants and Children (WIC) electronic benefit transfer (EBT) system. After months of thorough planning with Conduent, the system was implemented flawlessly. Conversion occurred without the loss of any accounts or associated funds. It is important to note that conversion took place across multiple times zones and across more than 650 retailers, and all of this was done seamlessly. Due to a simultaneous MIS conversion by the Indiana State Department of Health (ISDH) to the new INWIC system, over 140 IN WIC Clinics were converted in concert with statewide eWIC rollout. The Conduent implementation team worked in close collaboration with ISDH staff to ensure Clinic Staff were properly trained on eWIC processes and procedures, while supporting the ISDH statewide effort.

Indiana health officials formerly announced in November 2016 that programs in all 92 counties are now using EBT cards instead of paper checks. The use of these cards streamline the WIC shopping experience, and allow for a more seamless transaction in the register lane. Multiple IN WIC retailers were successful in their initial eWIC implementation and rollout experience with the support of both the Conduent Retailer Operations and Implementation teams, with limited interruption in service for their participants. Indiana eWIC provides healthy food, including fruits and vegetables, from more than 650 grocery stores throughout Indiana to eligible Hoosiers each month.

Our implementation team, led by Project Manager Boyd Neal converted more than $112 million in paper WIC benefits to our system for more than 150,000 WIC EBT participants. In partnership with the State, they have reported they are extremely satisfied with the Conduent team's performance.

120.NVEBTWIC17

Exhibit VII-4. Effective Implementation of WIC EBT System Success Story

Success Story

Client: Louisiana Department of Children and Family Services
Focus: Disaster Recovery Teamwork

In August of 2016, heavy storms caused catastrophic flooding in Baton Rouge and across the surrounding region. The flooding destroyed 60,000 homes and left 25,000 people in shelters. **Louisiana's Department of Children and Family Services (DCFS), our EBT customer since 2010, activated the DSNAP program to provide emergency support for affected citizens. DCFS issued more than 122,000 disaster cards during the flood response, with more than 180,000 SNAP households overall receiving emergency and replacement Disaster SNAP benefits.** The Conduent team is pleased with the operational and systems support we were able to provide for this effort, but the real privilege was seeing the preparation, commitment, and compassion with which DCFS tackled this serious emergency.

Our role was to provide the cards themselves, along with specialized customer service and processing during the DSNAP period. DCFS secured two critical waivers from FNS to make DSNAP benefits as effective and useful as possible for displaced recipients. The hot food waiver allowed recipients to buy prepared meals, which were essential to families unable to store or cook the food types normally allowed under SNAP. The second waiver was critical to SNAP recipients who had lost their cards. It allowed our CSRs to provide a caller's replacement card number verbally, so they could access their benefits immediately rather than wait to receive their replacement card.

Accommodating these waivers required the operational and system flexibility that Conduent is known for as an EBT and electronic payment card (EPC) services provider. With a quick update to our processing platform, EPPIC, we accommodated the DSNAP business rules as well as the loosened operational requirements from the waivers. We also updated our IVR as needed to provide information and guidance for affected populations. From technical support and customer service to reliable drop-shipment of disaster cards, the Conduent team did everything we could to clear the way for DCFS personnel – the heroes of this story – to do their urgent work.

Over a period of three weeks, DCFS mobilized a series of card distribution facilities at temporary sites across nine parishes. Many of these were large tents set up in heavy-hit areas to give flood victims the easiest possible access. Each of these tents included chairs and bottled water for recipients, plus tables, laptops, power, connectivity, and miles of cabling for the caseworkers providing assistance. These personnel were onsite 10 hours a day for six days a week, providing direct and professional service to flood victims. DCFS also organized all of the logistics required to take down, move, and re-build each tent (and its infrastructure) as teams moved to the next site. These temporary sites required 6,000 staff hours per week – from tired personnel who, in many cases, had lost their own homes to the flood.

It was humbling to be part of this effort. Our team witnessed incredible dedication, efficiency, and patience from DCFS personnel. They kept the crowds calm, provided excellent service, and made the DSNAP effort as smooth as possible – all under difficult and tragic circumstances. This level of preparation makes Louisiana DCFS a true Gold Standard for helping citizens through a disaster. Every state, whether Gulf coast or Midwest, would do well to emulate Louisiana's disaster preparedness and response plan.

122.NVEBTWC17

Exhibit VII-5. Disaster Recovery Success Story

Success Story

Client: Ohio Department of Job and Family Services
Focus: 2016 EBT Next Generation Project of the Year Award

The Ohio Department of Job and Family Services (ODJFS) was awarded the EBT Project of the Year Award at the 2016 EBT Next Generation conference. The conference, the only annual conference focused solely on government payments issues and technology, allows State EBT directors and industry stakeholders to meet and discuss concerns and solutions faced by State EBT directors. Ohio was selected for this award by the EFTA eGovernment Payments Council (eGPC), the sponsor of the EBT Next Generation conference.

The Project of the Year award is given annually to an EBT project that breaks new ground in one way or another in the practice of EBT. In doing so, a project recognized with this award develops a body of knowledge from which other projects can draw. Ohio DJFS received this award for their installation of the Conduent fraud analysis and prevention tool. Conduent implemented this tool for the Ohio EBT project, enabling Ohio to better identify likely fraudulent behavior using predictive modeling and trend analysis.

The Conduent Intelligent Analytics Portal (IAP) Advanced Fraud Package was implemented for Ohio EBT in April 2015 for a limited number of State agency project staff. The tool was extended to State and Federal investigative staff in October 2015 and a pilot to 12 County agencies began in March 2016. Statewide rollout is scheduled for completion by December 2016 increasing the number of active users to over 150 throughout Ohio.

Ohio implemented the IAP Advanced Fraud Package to fulfill a need for equipping non-technical users with the ability to easily leverage vast amounts of data on a daily basis. This enables users to spend more time researching suspicious fraud activity rather than combing through data to identify it.

124.NVEBTWIC17

Exhibit VII-6. Project of the Year Award – Ohio EBT Success Story

Success Story

Client: Utah Department of Workforce Services (DWS)
Focus: Smooth Transition of EBT System

In August 2015 Conduent was awarded a contract to implement a new EBT system while maintaining the current EBT system functionality and with limited interruption in services during conversion. Our replacement system, EPPIC, provides EBT Services for SNAP, TANF, and various other cash programs and is flexible enough to allow the state to easily add new cash benefits at no to minimal cost. As part of this project, we also provide core services that include account creation and management, transaction processing, financial accounting, retailer management, card services, and customer service call centers/support. A unique feature of this implementation included a web services feature that allows the State of Utah real-time, online access to all data in the EPPIC system.

On October 23, 2016, Conduent successfully transitioned from JPMorgan's legacy system to our EPPIC platform. The transition went very smoothly and was the result of a nine-month design, development, quality assurance, and user testing cycle. With thorough planning, input into the conversion plan by all stakeholders, and ad nauseam testing of the system, the system went live more than two hours ahead of the scheduled go-live time. Conversion occurred without the loss of any accounts or associated funds. Reconciliation confirmed that the EPPIC system balanced to the penny with that of JP Morgan and the State of Utah systems. Transition to the Conduent Interactive Voice Response provider, call centers, and transaction processing occurred seamlessly. Initial quality tests ensured that all data migrated successfully and transaction processing was enabled without any major issues identified.

Our transition team, led by Project Manager Todd Halter, PMP, and Program Manager Denise Adaway, PMP, **converted more than $12 million in SNAP and cash benefits to our system for more than 90,000 active cardholders. The State is very pleased with the performance of the team and with the outstanding job they did to ensure this transition was completed successfully.**

126.NVEBTWIC17

Exhibit VII-7. Smooth Transition of EBT System Success Story

Success Story

Client: Vermont Department of Health

Focus: Stepping in for a Vendor Who Pulled out of the Card Services Business

Under the Department of Health, the Vermont Women, Infants and Children (WIC) program helps pregnant women, new mothers, and young children stay healthy though nutrition, education, and counseling. The Vermont program serves 14,000 participants each month.

Previously, Vermont WIC participants received most of their benefits twice a month from contracted home delivery vendors, and used a WIC-branded SNAP EBT card to access their WIC cash value fruit and vegetable benefits. However, program administrators were looking to improve the State's program and increase choice and convenience for participants. Additionally, to meet the Healthy Hunger Free Kids Act of 2010, mandate for all WIC programs to implement Electronic Benefits Transfer (EBT) by 2020, the State had to remodel the entire program to comply with the legislation.

In order to initiate this overhaul, Vermont WIC selected a vendor to help define and build the online eWIC interface with a transferred management information system. Early on in the process, the vendor pulled out of the card services business and Vermont WIC was left to find another vendor who could quickly and seamlessly pick up the work in order to meet their previously established goals and timeline.

Conduent was chosen as the partner to meet their development, design, and implementation goals.

Through an accelerated timeline and multi-faceted collaboration effort between MIS and Conduent developers, the state and retailers, Vermont WIC implemented a new state agency model management information system and started issuing WIC benefits through EBT at the same time.

Our core EBT solution helped Vermont quickly implement EBT for WIC. Thanks to Conduent and the vision established by the team from the Vermont WIC program, participants now have consistent and flexible access to their benefits and the freedom to choose which WIC approved items they want for their family. Our success on this project is best described by the Vermont Department of Health WIC Program Director:

"Our timeline for joint implementation of a new management information system and full eWIC had little room for delays. Then our original partner backed out, leaving us in immediate need of someone with expertise and proven success with WIC EBT. Conduent came in quickly and helped us sort through a variety of challenges. They agreed to our established schedule and we were able to implement eWIC right on time."

– Donna Bister, WIC Program Director, Vermont Department of Health

128.NVEBTWIC17

Exhibit VII-8. Stepping In For Another Vendor Success Story

Success Story

Client: Oklahoma Department of Health
Focus: Innovation of the Year

The Women, Infants and Children (WIC) Program for the Oklahoma Department of Health was recently recognized as one of the 2016 winners of the StateScoop 50 Awards receiving the Innovation of the Year award.

The StateScoop 50 awards honor innovators, innovative initiatives, and up-and-coming leaders in state and local government. The recipients were selected by members of the state and local government IT community, in a nationwide voting process.

WIC programs nationwide are constantly working to improve access to healthy food for the nation's families. Among the most successful is Oklahoma, which has become known as a leader and innovator. And Oklahoma can now add "award winning" to its list of accolades.

The Oklahoma program was awarded this honor for their mail-order formula solution. It efficiently handles the issuance and redemption of special or medical baby formula when an alternative is needed due to allergy or other medical reason. Previously, orders were manually placed by phone and vendors were paid outside the redemption process, resulting in incomplete data in the system.

Oklahoma WIC uses a system designed in collaboration with Conduent to accommodate the special mail-order formula complexities, while automatically recording all transaction data. With the solution, Oklahoma WIC fulfills mail-order formula needs easier, faster, with quicker settlement, accurate reporting, and efficient ordering and distribution.

130.NVEBTWIC17

Exhibit VII-9. Innovation of the Year Success Story

EBT Experience

We have been a provider of EBT services for state SNAP and TANF programs since 1996. We currently operate six of the 10 largest EBT programs in the nation and provide services for 26 states. For our programs nationwide, nearly $44 billion in funds were loaded to cards in 2016, and we processed more than 1.6 billion transactions through EPPIC. Table VII-6 lists our current EBT programs.

Table VII-6. EBT Programs

State	Description
Arkansas	***Arkansas is a newly signed contract for which Conduent will provide SNAP and cash EBT services for an anticipated 175,000 monthly cases. We will provide Arkansas with the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software maintenance, retail management, settlement and reconciliation, retailer, cardholder, and state customer service, retailer, cardholder, and state worker training, card issuance, and POS installation and terminal maintenance.***
California	***We are the prime contractor in the administration of the EBT program for California. We signed the contract for California's EBT program in March 2008, and the transition of 1.3 million cases from the previous contractor took place in September 2009.*** ***The program includes federal and state SNAP benefits, as well as four different cash assistance programs. California's EBT system is one of the nation's most complex, including 35 separate connections for California's 58 counties, with three different eligibility systems. We provide access to benefits for more than 2.1 million EBT households. The program provides SNAP, TANF, refugee assistance, and general assistance (cash), with approximately $500 million in SNAP and $300 million in cash benefits issued every month. More than 8.1 million registered cardholders have 60,000 locations to access benefits, including 25,000 FNS-authorized retailers and 35,000 ATMs. We perform all applicable EBT functions including online, real-time transaction processing, Administrative Terminal functionality, data center and call center management, retail management, settlement and reconciliation, cash access, ATM and POS blocking, web-based reporting, and project management.***

State	Description
Delaware	***In September 2016 we signed a contract with Delaware to provide an EBT system for SNAP benefits using EPPIC. We completed implementation in August 2017, converting more than 218,000 cases from JPMorgan Chase. We provide Delaware with the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software maintenance, retail management, settlement and reconciliation, retailer, cardholder, and state customer service, retailer, cardholder, and state worker training, card issuance, and POS installation and terminal maintenance.***
Georgia	***We were awarded the Georgia EBT contract in late 2011 and the state executed the contract with us in May 2012. We converted more than 3.8 million case/client/cards records, more than $88 million in benefit authorizations, and more than 22,000 TANF clients from the EBT card to a branded debit card. We also converted more than 9,000 authorized Georgia retailers, including more than 3,800 EBT-only/direct connects. Our EBT-only Retailer POS equipment depot and support center moved from out of state to Georgia, resulting in improved response times for retailers to receive new or replacement POS devices. In 2016, Conduent processed 123.7 million transactions for the state totaling $2.6 billion in EBT benefits. Our EBT services include online, real-time transaction processing, Administrative Terminal functionality, retail management, settlement and reconciliation, EBT card management, training, help desk, and web-based reporting.***
Illinois	***Conduent has been a long-term partner for the State and the Illinois Department of Human Services (IDHS). In 2003, the State of Illinois awarded Northrup Grumman the contract to provide EBT services, with Conduent as its major subcontractor to perform the work. In this role in September 2003, we transitioned Illinois' existing database to EPPIC and upgraded all retailer POS terminals within five hours, with no dropped cases, and with all balances transferred accurately. Despite being a subcontractor at the time, we performed most of the EBT services required, including retail management, EBT card management, and web-based reporting. In 2011, we were awarded a contract to serve Illinois as the prime EBT contractor. Our transaction processing services resulted in 28.7 million transactions in 2016. As Illinois' prime contractor we have rolled out a statewide data warehouse and are scheduled to implement a mobile application for EBT before the end of 2017. EBT services include online, real-time transaction processing, Administrative Terminal functionality, retail management, settlement and reconciliation, EBT card management, training, help desk, and web-based reporting. In March 2017, we signed a five year renewal of the EBT contract.***
Indiana	***We were awarded the EBT contract in 2014 after a competitive procurement and converted from JPMorgan Chase in September 2015, during which we converted 350,000 cases in 8 hours. In 2016, we processed 49.7 million transactions for the state, totaling $1 billion in SNAP and cash benefits for 1.3 million registered cards. We currently provide the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting including fraud and data analytics, software development and maintenance, retail management, settlement and reconciliation; cardholder, retailer, and state customer service; retailer, cardholder, and state employee training, card issuance, and POS installation for exempt retailers.***
Iowa	***Iowa was one of the first states to have an EBT pilot program, initially in two counties, and the state fully implemented services in 2003. Iowa chose us based on our EBT experience, knowledge of the Iowa Human Services Agency, and our EPPIC system. Our transition support included retail implementation which we completed within three months for approximately 900 EBT-only retailers. Since October 2003, when we successfully rolled out and implemented the fully operational statewide system, the number of SNAP cases has increased dramatically; we now support 637,315 registered cardholders. Our support and services include project management; online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software development and maintenance, retail management settlement and reconciliation, cardholder, retailer, and state customer service, retailer, cardholder, and state employee training, card issuance, and POS installation. We were awarded a new contract in Iowa in 2009 following a competitive procurement process. We have since rolled out a state-wide data warehouse for use by program and investigative staff. In 2016, Conduent processed 25 million transactions totaling $503.9 million in SNAP and cash benefits.***

State	Description
Louisiana	***We are a long-term partner with the state's Department of Social Services providing the agency with several solutions since 1999, including processing of the state's child support payments; operating the Louisiana Customer Service Center, a full-service statewide call center for programs under the Office of Family Support; and supporting SNAP by establishing a customer service center to respond to citizen inquiries. We completed an error-free EBT conversion in June 2010 in 4.5 hours, loading and reconciling 1.9 million cases and $15 million in benefits overnight. Under an eight-year agreement, we administer EBT services for SNAP and TANF benefits, including project management, online, real-time transaction processing, Administrative Terminal functionality, retail management, settlement and reconciliation, card management services, web-based reporting, help desk, and disaster services. In 2016, Conduent processed more than 81.5 million transactions, totaling $1.6 billion in EBT benefits support for more than 2.5 million registered cardholders.***
Maine	***In June 2003, we implemented Maine's first EBT system for SNAP and cash assistance benefits using EPPIC. In January 2009, we were awarded a five-year base contract, and we subsequently signed a 26-month contract extension of our services to 2018. We were recently awarded another follow-on contract that extends our services through March 2023. Today, we support and service 130,000 benefit recipients, processing 9.9 million transactions for $271.5 million in EBT benefits in 2016 alone. We provide Maine with the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software maintenance, retail management, settlement and reconciliation, retailer, cardholder, and state customer service, retailer, cardholder, and state worker training, card issuance, and EBT-only POS terminal installation and maintenance.***
Maryland	***We were awarded the contract for EBT services in Maryland in April 2007 and completed the transition in January 2008, converting data from JPMorgan Chase to EPPIC in just 6.25 hours. With the previous EBT contractor, the state was unable to balance their accounts daily, but now they balance to the penny every day. In 2014 the State again contracted with us following a competitive procurement process. We currently support and provide services for 2.3 million registered cards, processing more than 61 million transactions totaling more than $1.3 billion in SNAP and cash benefits in 2016 alone. Our support for Maryland includes project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software maintenance, retail management, settlement and reconciliation, retailer and cardholder customer service, and EBT-only POS terminal installation and maintenance.***
Massachusetts	***Massachusetts left the Northeast Coalition of States (NCS) in 2005 to conduct a separate procurement for EBT services. As the new contractor in August 2005, we performed a successful conversion to EPPIC from outgoing contractor FIS in less than five hours for complete transfer of all services for more than 164,000 SNAP and more than 53,000 cash cases. We negotiated and signed a re-awarded contract after re-procurement in 2013. In 2016, Conduent processed 66.3 million EBT transactions for the state, totaling $1.65 billion. As a full-service EBT provider, we provide Massachusetts with all system, retailer, and customer service functions, including project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, retail management, settlement and reconciliation, card mailing, secure PINs, transaction processing, software maintenance; retailer and cardholder customer service, and exempt EBT-only POS terminal installation and maintenance to support more than 2.4 million registered cards. Most recently, we worked closely with the commonwealth and implemented the Food Insecurity Nutrition Incentive (FINI) program in the spring of 2017. FINI increases availability and makes fresh fruits and vegetables more affordable for SNAP participants by providing dollar-for-dollar incentives. Massachusetts is the only state providing FINI/HIP incentives to SNAP recipients. As evidence of the FINI program's success in expanding access to fresh, healthy foods, sales are expected to reach close to a million dollars in HIP incentives earned in the first program year ending in March 2018.***

State	Description
Michigan	***In May 2006, we began authorizing and settling all EBT transactions for Michigan, converting from JP Morgan Chase to EPPIC. In all, more than 2.7 million case records and 180 days of transaction history were converted in less than eight hours. We upgraded all SNAP retailers that opted for EBT-only equipment and tested extensively with all third party processors that serviced commercially processed retailers, with no reported problems.*** ***Additionally, we began a WIC EBT pilot in Jackson County in October 2006; the program has been a great success and is currently statewide. Implementing this program enabled the state to eliminate cumbersome vouchers and automate the checkout process with an EBT card. The program was the first of its kind to provide real-time online access that automatically validated WIC-approved items at more than 1,750 vendor locations across Michigan. The program was named "Project of the Year" by the Electronic Funds Transfer Association's eGovernment Payments Council in November 2009. Recently, we were awarded a contract to continue providing EBT and WIC services for Michigan through May 2018, with contract extensions possible through May 2020.*** ***We now serve approximately 846,900 SNAP, 62,400 combined, and 6,800 cash cases, as well as 155,500 WIC families. In 2016 alone, Conduent processed more than 115 million SNAP and cash benefits for the state, totaling $2.3 billion for 5.8 million registered cards. We provide Michigan with the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software maintenance, retail management, settlement and reconciliation, retailer, cardholder, and state customer service, retailer, cardholder, and state worker training, card issuance, and EBT-only POS terminal installation and maintenance.***
Mississippi	***Our partnership with the State of Mississippi goes back to 2002, when the state first began its efforts to modernize its EBT program. In 2004, we converted 300,000 SNAP cases in less than six hours, transitioning the existing system to EPPIC. Shortly thereafter, Mississippi was the first state to add TANF to and electronic payment card (EPC/debit card), which saves the state millions of dollars each year. We added child support in October 2005 and unemployment insurance in May 2006 to our EPC offering for the state, and today we support more than 92,000 debit card cases. In 2016, Conduent processed more than 38 million transactions for 1.2 million registered cards, totaling $783 million in SNAP and cash benefits.*** ***We also provide Mississippi's disaster recovery plan using online web services through EPPIC, including disaster-only administrative application screens. In fact, we received praise from state personnel following our performance during Hurricane Katrina in August 2005. Even with almost double the client base during the hurricane, our help desk successfully handled an influx in call volumes while still maintaining a high level of customer service. In April 2011, two violent storms struck Mississippi and caused massive damage. Using backup stock of generic Mississippi EBT disaster cards in Florida and Mississippi, Conduent supplied the state with the replacement cards it needed in just two days. Our timely reaction was possible because once a county office was ready for cardholders, caseworkers were able to set them up in the EPPIC software disaster module and issue a card before the cardholder left the office. This streamlined workflow kept cardholder trips to the office to a minimum (i.e., one time). With card in hand, disaster relief recipients only needed to select their PIN and activate their card for use.*** ***Tragically, on the heels of the April storms, May 2011 brought a flood, which caused destruction in 12 counties. The federal government responded by declaring residents eligible for federal benefits, including SNAP benefits. The registration period for that program ended on a date that required Conduent to monitor disaster recovery systems for both disasters at the same time. Our separate record keeping made this possible. With EPPIC, we were able to track, manage, and report on separate disaster events concurrently. As the prime contractor, we are responsible for project management, online, real-time transaction processing, web-based reporting, software maintenance, retail management, settlement and reconciliation, Administrative Terminal functionality, retailer and cardholder customer service, and exempt EBT-only terminal installation and maintenance. In 2010, the state chose us to remain its EBT contractor through 2018. In 2017, we won a competitive reprocurement and were re-selected to provide the EBT services for the state.***

State	Description
New Jersey	***In July 2005, we converted the EBT program – with nearly 300,000 cases – from the previous contractor in six hours. In 2012, the state once again chose us to remain its EBT contractor through 2017 with optional extensions through August 2019. Over the past 12 years we have worked closely with the state to make certain that our operation meets their expectations. Nowhere was this dedication tested more than during our response to Hurricane Irene in August 2011. Following Hurricane Irene's strike, New Jersey contacted Conduent on Sunday, September 4, and requested 260,000 additional cards to be produced and delivered prior to the start of disaster issuance, which would commence on September 7 in certain counties and go statewide on September 12. All disaster cards were produced, shipped, and delivered on or ahead of schedule to support this critical assistance to those impacted by this destructive storm.*** ***Then again, in November of 2012, Conduent responded promptly to the State's needs to overcome the devastating effects of Superstorm Sandy, for which we provided an assortment of disaster services. We stepped in immediately and made retailer metrics available to state officials so they could communicate this information to county managers to disseminate to cardholders, advising them as to which retailers/stores in which counties were functional and able to perform transactions. In addition, we provided the state with daily settlement figures for both SNAP and TANF programs, so senior state management could track and monitor usage in these programs—information they needed for disaster programming requests and decisions. When the State of New Jersey moved to a federally declared disaster in early December, we provided vault EBT cards to support Disaster-SNAP issuance.*** ***In 2016, Conduent processed more than 69 million EBT transactions, totaling $1.44 billion in SNAP and cash benefits for 2.6 million registered cards. As prime contractor, we provide the following services to New Jersey: project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting through our data warehouse, software maintenance, testing, security, disaster recovery, card and PIN management, benefit management, transaction processing, retailer management, settlement and reconciliation, retailer and cardholder customer service (IVR and call center), and EBT-only POS terminal installation and maintenance.***
The Northeast Coalition of States	***In May 2013, we were awarded a contract to become the EBT prime contractor for the states of New York, Connecticut, Vermont, New Hampshire, and Rhode Island. In New York and Connecticut, we had to redesign an EPPIC interface to match the states' unique interfaces. New York went live in September 2014, with Conduent successfully completing the conversion of 1,912,000 cases from outgoing provider JPMorgan Chase in 11.8 hours. Conversion activities included replacing the current POS and PIN select devices in each state. Connecticut went live in November 2014, with Conduent successfully completing the conversion of 416,000 cases in 10.5 hours.*** ***For the remaining states, Conduent directed and managed our subcontractors' efforts. Today, we support more than 4.7 million registered cards in New York State alone, processing more than $6.24 billion in total transactions for New York state in 2016. For all NCS states we provide the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, testing, disaster recovery services, card and PIN management; benefit management; SNAP adjustment noticing and processing; retailer management, settlement and reconciliation, web-based reporting, client and retailer customer service (IVR and call center), EBT-only POS terminal installation and maintenance and training, client and retailer website portals; and data warehouse.***
Ohio	***We converted 480,000 cases from Ohio's former chip card system to EPPIC and a new magnetic stripe system in March 2006. We had a unique zero-downtime conversion because we preloaded the new cards and honored the old card accounts until the balance was used or transferred to the new accounts. We installed in-lane POS terminals for retailers, making EBT transactions easier for both retailers and cardholders. The state now has access to readily available real-time information and a drastic reduction in card costs, contributing to the expected millions of dollars in cost savings for the program. Today, we support 2.2 million registered cards, as well as the Ohio Works First Cash Program (OWF), which serves more than 101,000 recipients. In 2016, Conduent processed more than 120 million EBT transactions for the state, totaling more than $2.3 billion in SNAP and cash benefits.*** ***We provide Ohio with the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software maintenance, retail management, settlement and reconciliation, retailer, cardholder, and state customer service, retailer, cardholder, and state worker training, card issuance, and EBT-only POS terminal installation and maintenance. Our original contract was extended through June 30, 2014. Conduent's current contract includes renewals extending services through June 2021.***

State	Description
Oklahoma	***Our contract in Oklahoma clearly demonstrates our ability to support multiple programs on the same architecture platform, as we currently provide EBT, eCC, and EPC services. Beginning in 2008, our responsibilities included establishing EBT operations for the state and later adding eCC, our card-based electronic childcare tracking system. As part of the conversion to the EPPIC platform, Oklahoma moved its TANF benefits off of its EBT card and onto EPC. In 2016, Conduent processed more than 47 million EBT transactions, totaling more than $888 million in SNAP and cash benefits for 1.6 million registered cards. In addition, we have provided disaster and emergency recovery services to Oklahoma during ice storms and tornadoes.*** ***We provide Oklahoma with the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software maintenance, retail management, settlement and reconciliation, retailer, cardholder, and state customer service, retailer, cardholder, and state worker training, card issuance, and EBT-only POS terminal installation and maintenance. In September of 2015, after a competitive re-procurement, we signed a contract with Oklahoma solidifying their choice to have us continue as their EBT contractor. The contract also included implementation of a statewide online WIC EBT program which kicked off in November of the same year. The contract enables the state to exercise one-year options through 2022.***
Pennsylvania	***In April 2012 we were awarded a contract to become the Commonwealth's EBT contractor. The program was converted to EPPIC from the incumbent vendor JPMorgan Chase in March 2013. We converted more than 4.6 million case/client/cards records, more than $87 million in benefit authorizations, and more than 10,000 Pennsylvania retailers, including more than 4,500 EBT-only/direct connect. Conversion activities included replacing the existing POS and PIN select devices statewide. In 2016, Conduent processed more than 150 million EBT transactions, totaling $3.2 billion in SNAP and cash benefits for 5.4 million registered cards.*** ***Our support includes project management, online, real-time transaction processing, Administrative Terminal functionality, card production, including over the counter card production, web-based reporting and data warehouse, disaster recovery services, customer service IVR and CSRs, dedicated cardholder and retailer websites, retailer management, settlement and reconciliation, and EBT-only POS terminal installation and maintenance. Our current contract with the state extends through March 2021.***
South Carolina	***We were awarded the contract to become South Carolina's EBT contractor in 2014. We successfully converted the system with a caseload of 416,000 SNAP households from JPMorgan Chase in January 2015 in less than eight hours. Cash benefits were migrated to a debit card and enhanced with ATM and POS blocking capability. In October 2015, South Carolina was struck with Hurricane Joaquin, which caused severe storms and flooding. We immediately stepped in by informing retailers and making 100,000 disaster cards available to the state, followed by an additional 145,000 disaster cards. We worked closely with the state to make sure there was no impact to any services.*** ***We provide the state with project management, online, real-time transaction processing, Administrative Terminal functionality, client account establishment and maintenance, web-based reporting, retailer management, settlement and reconciliation, voucher management, cardholder customer service, and EBT-only POS terminal installation and maintenance services. In 2016 alone, Conduent processed more than 54 million in EBT transactions, totaling $1.1 billion in SNAP and cash benefits for 1.2 million registered cards. Our current contract with South Carolina extends through March 2019, with renewal options through March 2021.***
Tennessee	***Signed in January 2017, our full-scope EBT services program supporting more than 550,000 SNAP and cash benefits for Tennessee is currently in implementation, and we expect to go live in February 2018. Under this contract, Conduent provides project management; online, real-time transaction processing; web-based reporting; software maintenance, retail management and settlement; retailer, cardholder, and state customer service; retailer, cardholder, and state worker training; card issuance; and POS installation and terminal maintenance.***

State	Description
Utah	***In 2015, we were awarded a contract to serve as Utah's EBT contractor. We converted Utah from their previous processor JPMorgan Chase in October 2016 with less than five hours of downtime, all 93,0000 cases intact, and more than $12 million balanced to the penny. In 2016, Conduent processed more than $61.4 million in SNAP and cash benefits for 404,393 registered cards. We perform the following services: project management, online, real-time transaction processing, Administrative Terminal functionality, IVR/customer service, settlement and reconciliation, web-based reporting including fraud and data analytics, software development and maintenance, retail management , cardholder, retailer, and state customer service; retailer, cardholder, and state employee training; card issuance; and EBT-only POS terminal installation and maintenance. Our current contract extends through October 2025.***
Virginia	***We were awarded the contract for EBT services in Virginia in January 2007 and successfully converted 235,000 cases from JPMorgan Chase's system to EPPIC later that year. In 2016 Conduent processed more than 55.5 million EBT transactions totaling $1.6 billion in SNAP and cash benefits for 1.6 million registered cards. We provide Virginia with project management, online, real-time transaction processing, Administrative Terminal functionality, web-based reporting, software maintenance, retail management, settlement and reconciliation, retailer and cardholder customer service, and EBT-only POS terminal installation and maintenance. Virginia has implemented cash benefits on an EPC, an eCC program, and a WIC EBT program as well. The Commonwealth of Virginia recently awarded a follow-on contract to Conduent extending from October 2017 through September 2022, with five one-year options available.***

WIC EBT Experience

Conduent is an industry leader in WIC EBT contracts nationally, providing services for over 10 years and processing nearly 7.1 million transactions in 2016 alone. Our WIC Connect solution was specifically designed and developed to ensure that a state can meet its federal mandate deadline, and to address the data and program elements that are unique to WIC EBT programs. These include:

- ***Food prescription readily available for each participant***
- ***Universal Product Code (UPC)/price look-ups, including adds, edits, and deletions to UPC/Price Look-Up (PLU) tables***
- ***Maximum price updates for UPC/PLUs in each vendor peer group***
- ***Expiration date files that track when food package benefits expire***
- ***Transaction ID numbers that identify WIC transactions***
- ***Authorized vendor file, including adds, edits, and deletes***
- ***Intuitive, easy-to-navigate graphical user interface (GUI), which requires little desktop terminal configuration***

WIC EBT can be implemented as an independent solution or it can be integrated with SNAP benefits, as is the case in Michigan, which was the first statewide online WIC EBT system to be implemented in the United States. We began a WIC EBT pilot in Jackson County, Michigan in October of 2006. The program was a great success and expanded statewide. Implementation of this program allowed Michigan to ultimately eliminate the cumbersome vouchers and automate the checkout process with a WIC EBT card. We currently administer 10 WIC EBT programs, and were recently awarded a contract in the state of Mississippi. We work side-by-side with these states and the National WIC Association (NWA) to continually develop innovative solutions for the WIC EBT arena, improving services and maximizing cost efficiencies in a challenging economic climate.

Table VII-7 describes our existing WIC EBT programs.

Table VII-7. WIC EBT Programs

State	Description
Connecticut	***Conduent's work to implement Connecticut's WIC program began in November 2015 with planning and development, and in February 2016 we implemented the pilot WIC EBT system concurrent with the state's selected eligibility system transfer, CT-WIC. After successful completion of the pilot implementation, the system went live in May 2016. In 2016 alone, we provided statewide online WIC EBT services for approximately 45,157 registered cards, processing 763,597 transactions. Our online WIC EBT services include the Conduent standard WIC EBT solution for the Northeastern Coalition of States (NCS) for MIS-EBT interface development, benefit management, vendor enablement, and ongoing operation of the WIC EBT system.***
Indiana	***Conduent implemented Indiana's WIC EBT system in February 2016, concurrent with the state's selected eligibility system transfer. In 2016 alone, Conduent processed more than 1 million transactions for 103,294 registered cards. Online WIC EBT services include the Conduent standard WIC EBT solution for interface development, benefit management, vendor enablement, and ongoing operation of the WIC EBT system.***
Michigan	***We currently support a statewide online WIC EBT program in Michigan, processing a total of 964,519 transactions for 650,725 registered cards in 2016 alone. As noted, the program began in October 2006 when Conduent converted the WIC EBT pilot in Jackson County from JPMorgan Chase. The statewide implementation of this program has allowed Michigan to ultimately eliminate the use of vouchers and to automate the checkout process with a WIC EBT card. The program is the first of its kind to provide real-time online access that automatically validates WIC-approved items at nearly 1,800 vendor locations across Michigan. The program was named "Project of the Year" by the Electronic Funds Transfer Association's eGovernment Payments Council in November 2009.*** ***In 2011, Michigan WIC partnered with the Department of Education to pilot the Summer Electronic Benefit Transfer for Children (SEBTC) program using the WIC EBT card to deliver these benefits to approximately 2,500 children. Also in 2013, this successful pilot expanded, serving approximately 32,000 children and the program was again renewed in 2014. In 2012, the Michigan WIC EBT program partnered with Conduent and Novo Dia Group to implement the pilot Project Fresh Farmers' Market program, which used wireless technology and Michigan's WIC EBT card to redeem fresh fruits and vegetable benefits at Michigan Farmers' Markets in Kent County. In addition, we implemented the mandated Cash Value Benefit program and new WIC food package changes in Michigan in 2014. Michigan's WIC EBT solution automates the distribution of benefits, streamlines the process, and gives program participants wider access to benefits while eliminating stigma, inefficiencies, and cost-intensive printing and distribution functions of the program. Michigan is able to save time and money, and experience fewer errors and faster settlement.*** ***A cost study conducted by Burger, Carroll, and Associates found that the Michigan WIC EBT program reduced state costs by 27 percent using the online WIC EBT solution compared to their previous paper-based benefit system.*** ***For Michigan's EBT program, our responsibilities include, but are not limited to: developing interfaces with the Michigan WIC Management Information System (MIS), named MI-WIC; designing and developing technical specifications and performing certification activities for integrated vendors; transmitting files; loading PLUs; NTE prices; and developing WIC EBT point-of-sale (POS) devices, including the integration of 550 retail stores for scanning and prescription-based benefits.***
New Hampshire	***New Hampshire is a newly signed contract for which Conduent will provide comprehensive WIC EBT services for approximately 14,000 participants. We are currently in the early planning stages of implementation.***
New York	***New York is a newly signed contract for which Conduent will provide comprehensive WIC EBT services for an anticipated 480,000 monthly transactions. We expect to go live in April of 2018.***
Oklahoma	***For the Oklahoma WIC program, we provide statewide online WIC EBT services, processing 744,536 transactions for 67,520 registered cards in 2016 alone. The program implementation, completed January 2016, included simultaneous development of Oklahoma's PHOCIS eligibility system and the Conduent online WIC EBT solution. The online WIC EBT system provides WIC benefits using a magnetic stripe card. The system is compliant with the most recent WIC Universal MIS-EBT Interface Specifications, and includes innovations such as a store and forward and formula warehouse support. Our current contract extends through September 2022.***

State	Description
South Carolina	***The South Carolina WIC EBT program is currently in implementation, with program start expected in February 2018. The program includes the design, modification, configuration, interface, testing, and acceptance of an EBT system and provision of EBT services. The primary deliverable is operational EBT processing services. In addition to the transaction processing services, there are service, material, and hardware deliverables that Conduent will produce during implementation and operations. The WIC EBT implementation program's scope has two components. The first is the implementation of the Conduent EPPIC system for participant, retailer, and WIC administrative use. The Conduent EPPIC system will exchange data with South Carolina WIC MIS and various South Carolina retail POS systems using host-to-host, batch file and online message transfer. The second component is delivery of online WIC EBT support, transaction processing, and maintenance services for the period of the agreement.***
Tennessee	***Tennessee is a newly signed contract for which Conduent will provide comprehensive WIC EBT services for an anticipated 150,000 monthly transactions. We will implement the WIC system concurrent with the state's selected eligibility system. Online WIC services will include the Conduent core WIC EBT solution for interface development, benefit management, vendor enablement, and ongoing operation of the WIC system. The kickoff meeting and design sessions were recently completed, and the program is currently on-track for an April 2018 pilot start.***
Vermont	***For Vermont WIC, we provide statewide online WIC EBT services processing 266,598 transactions for 11,489 registered cards in 2016 alone. We implemented the WIC EBT system concurrent with the transfer of the Ceres WIC program management system. Our ten WIC EBT services include the Conduent standard WIC EBT solution. Use of this proven solution allowed Vermont to progress swiftly though interface development and to be ready for user acceptance testing of the WIC EBT system, and the Ceres system, in less than six months from program initiation. In Vermont, we worked with the first vendors to be WIC authorized in Vermont to support enablement and integration efforts to prepare stores to accept WIC program transactions.***
Virginia	***For the Virginia WIC program, Conduent provides comprehensive program management and online, statewide WIC EBT services, processing 3.2 million transactions for 200,811 registered cards in 2016 alone. The WIC EBT system was developed and implemented concurrently with the Crossroads eligibility system and rolled out successfully on a compressed three-month statewide schedule. Vendor enablement and integration efforts included combining multi-state vendor certifications, vendor grant funding coordination, and large scale direction of TPPs, VARs, vendors, and FNS. We developed a standardized and Universal Interface Specifications-compliant Interface Control Document that has become the standard specification for the Crossroads system. We provided an innovative solution design and implemented a value-added participant text messaging for benefit expiration and prescription balance; and APL management, including the remote collection iPhone tools for the APL.***

Other Relevant Financial System Experience

Aside from our EBT and WIC EBT experience, in the following subsections describe our other relevant financial system development, implementation, and operating experience related to our EPC and eCC services.

Electronic Payment Card (EPC) Experience

Conduent has provided debit card solutions for government agencies since 2004. We currently deliver EPC services for 104 government programs in 22 states, which include: California, Florida, Georgia, Illinois, Indiana, Iowa, Mississippi, New Hampshire, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Wisconsin, and Wyoming. We also support a federal contract with the U.S. Department of Treasury. We presently have more than 22 million active government-benefit prepaid accounts on EPPIC with nearly $1.8 billion in cardholder balances. In 2016 we distributed more than $42.4 billion in benefits and payments to cardholders, processing over 1.2 billion transactions.

In 2006, we began EPC programs for state workforce agencies for the distribution of Unemployment Insurance (UI) benefit payments, and today we are contracted to operate 11 programs for UI benefit payments. We likewise provide child support payments for 25 state programs (more than any other provider), TANF for 10 programs, Adoption, Foster Care, and Youth programs for 11 programs and payroll disbursement for six programs.

We have smoothly handled increases in caseloads, program growth, and the addition of programs and cardholders due to economic conditions. Because of its flexibility and scalability, EPPIC easily accommodates changes in volume.

In all of our EPC programs we provide the following services:

- ***Card design, production, and distribution***
- ***Program enrollment and account maintenance***
- ***Transaction processing***
- ***Account funding***
- ***Reconciliation***
- ***Settlement***
- ***Customer service***
- ***Program marketing***
- ***ATM network***
- ***Reporting***

Electronic Child Care Time and Attendance Tracking (eCC) Experience

Our groundbreaking, patented eChildcare time and attendance solution, referred to as eCC, offers accurate and timely payments to providers of subsidized child care. Using our system, states can:

- ***Document and pay for child care at the point of service***
- ***Verify eligibility in real time***
- ***Compensate providers for actual services rendered***
- ***Reduce paperwork***
- ***Make faster, more-accurate provider payments***
- ***Increase record accuracy***
- ***Reduce payment errors***
- ***Reduce administrative burden***
- ***Fight fraud and program abuse***

With better program administration from point-of-service time and attendance tracking, child care provider billing is more accurate and, as a result, fraudulent and errant billings are virtually eliminated. Using EPPIC, our eCC solution offers the following benefits:

- ***Parents use a convenient card to check the child in and out of day care and instant eligibility verification notifies both parent and provider of coverage and copays***
- ***Child care providers are paid for services faster and more accurately, providing a positive experience***
- ***Automatic payment calculations are based on actual attendance, thereby eliminating the need for invoicing paperwork***
- ***Less labor is required for auditing invoices as electronic records of real-time check-in and check-out provide accurate and useful data***

We have achieved significant success in reduction of overpayments—the State of Oklahoma, our first eCC customer in 1999, has saved more than $40 million in overpayments. Other states that have chosen us as an eCC contactor include Alabama, Colorado, Indiana, Louisiana, New Jersey, Ohio, Texas, and Virginia. Through our nine eCC programs, Conduent works with nearly 75,000 providers and delivers services to more than 530,000 authorized participants.

The success of our eCC programs is demonstrated in both the financial savings and the reduced overhead for both states and providers. An example of the flexibility of our solution is our recent decision to enter the Medicaid electronic visit verification (EVV) market. By using the flexible EPPIC platform and the eCC authorization engine, we have designed a solution to provide verification of authorized adult health care services. This solution uses mobile technology to allow a state to verify the identity of both the caregiver and the care recipient. While in the early stages for this Medicaid EVV solution, it is a strong example of the flexibility of the EPPIC platform as well as our commitment to supporting state needs.

5.1.11 Financial information and documentation to be included in accordance with ***Section 11.5, Part III – Confidential Financial Information***.

Conduent is the world's largest provider of diversified business process services, with $6.4 billion in 2016 revenue and more than 85,000 employees in 42 countries. We are backed by a consistent record of financial strength that reflects our commitment to customers, as well as our responsible business practices. Our extensive and diverse corporate resources support our ability to adequately staff projects and meet all of our contractual obligations. Conduent is committed to a management infrastructure that includes strict financial controls, project manager accountability, and continuous performance oversight at all levels of the organization.

The subsidiaries of Conduent Incorporated do not disclose separate audited financial statements. The consolidated financial statements and SEC reports of Conduent Incorporated (NYSE – CDNT) include all Conduent subsidiaries.

Section X, Other Informational Material, Section X.2, Conduent Financial Information, contains our audited Conduent Incorporated Form 10-K (Annual report) filed in March 2017, for the period ending December 31, 2016. The Form 10-K includes the most recent three years of financial statements, as well as additional information demonstrating financial stability and ability to meet the financial responsibilities for the requirements to perform this service. We also include a copy of our 10-Q (Quarterly Report).

For our complete financial documentation, please visit our Conduent website at https://investor.conduent.com/reports-and-filings/sec-filings. Additional financial information and previous annual audited financial statements are available as well at https://investor.conduent.com.

5.1.11.1 Dun and Bradstreet Number

Our Dun and Bradstreet number is 08-034-2931.

5.1.11.2 Federal Tax Identification Number

Our Federal Tax Identification Number (FEIN) is 13-1996647.

5.1.11.3 The last two (2) years and current year interim:

A. Profit and Loss Statement
B. Balance Statement

Our Form 10-K covers the three most recent years of financial information and includes a profit and loss statement and a balance statement. Our 10-Q includes financial information for the current year interim and contains a profit and loss statement and a balance statement. As previously noted, we include a copy of our Form 10-K and 10-Q in Section X, Other Informational Material, Section X.2, Conduent Financial Information.

5.2 SUBCONTRACTOR INFORMATION

Subcontractors are defined as a third party, not directly employed by the contractor, who shall provide services identified in this RFP. This does not include third parties who provide support or incidental services to the contractor.

Bringing Benefits and Meeting Objectives

- ***We have excellent, long-term relationships with our proposed subcontractors and they are all experts in their selective fields. Having worked with each of these subcontractors in the past allows us to ensure their commitment to the program, their reliability, and their industry expertise.***
- ***Our subcontractors were selected to augment our solution because they share our commitment to success and have the financial integrity, security, and customer service to eliminate any concerns you may have about such partnerships.***

Our goal for every program is to offer the strongest possible team to deliver the best services according to your vision. We choose subcontractors with highly focused, specialized skills to enhance our solution. We are committed to diversity and seek partnerships with firms that provide these important capabilities and characteristics for our businesses. In addition, we seek strategic relationships with firms when their presence in a state gives them particular insight or experience in providing similar services, which enhances our service delivery.

Each of the subcontractors we have engaged for your three EBT Programs brings a specialized set of capabilities to ensure the highest standards of financial integrity, security, and customer service. In the following sections we provide all the required information for our subcontractors. We understand that subcontractors are defined as a third party, not directly employed by Conduent, who will provide services identified in this RFP and that this does not include third parties who provide support or incidental services to us.

5.2.1 Does this proposal include the use of subcontractors?

Yes	***X***	No	

If "Yes", vendor shall:

Our proposal does include the use of subcontractors. We selected our subcontractors for their recognized expertise and leadership in performing their respective roles, and for their commitment to working as an integrated team to provide excellent, high-quality service for DHHS.

5.2.1.1 Identify specific subcontractors and the specific requirements of this RFP for which each proposed subcontractor shall perform services.

For your EBT Programs, we chose three subcontractors that augment our solution and share our commitment to the success of your program. By partnering with subcontractors that are experts in their respective fields, we offer DHHS a solution that operates at the highest standards of efficiency and reliability for program stakeholders.

In Table VII-8, we list our subcontractors and include the specific requirements of this RFP for which each proposed subcontractor shall perform services. Please see our response to RFP Sections 3.1 and 4.1 for detailed information about how our subcontractors support the tasks performed to meet the specific requirements of this RFP.

Table VII-8. Subcontractors Specific RFP Requirements

Subcontractor	Specific requirements of this RFP for which each proposed subcontractor shall perform services
CDE Services, Inc. (CDE)	***CDE will provide POS equipment management, maintenance, installation, and training for your three EBT Programs.***
Verint Americas, Inc. (Successor-In-Interest to Contact Solutions, LLC)	***Contact Solutions will provide IVR services for your three EBT Programs.***
Fiserv Solutions, LLC (Fiserv)	***Fiserv will provide card production and fulfillment services for your three EBT Programs.***

5.2.1.2 If any tasks are to be completed by subcontractor(s), vendors shall:

A. Describe how the work of any subcontractor(s) shall be supervised, channels of communication shall be maintained and compliance with contract terms assured; and

B. Describe your previous experience with subcontractor(s).

We have had excellent, long-term working relationships with our proposed subcontractors and we look forward to successfully extending these relationships under the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project. This kind of proven, hands-on experience is critical to the successful transition and operation of your EBT Programs and ensures proper lines of authority and subcontractor controls are in place for success.

Supervision of Subcontractors

As the prime contractor, Conduent takes responsibility for overall contract performance, including the efforts of our subcontractors. This invariably means that we are not relieved or excused for their performance issues. We are as accountable for their performance as we are for our own. We want their achievement to translate into your program's success, so we consider subcontractor selection and management to be critical elements of project management. Open communication on a regular basis is necessary for program success, and to verify compliance with Conduent, State, and industry performance requirements. We are acutely aware of the importance of their performance to the overall success of the program, and to the State's services to its constituents.

We have established project-proven, successful working relationships and make all subcontractors aware of all applicable performance requirements with clear communication throughout all program phases. Our time-tested subcontract management approach calls for systematic oversight of subcontractor performance and contribution to program goals. To be successful, your three EBT Programs must reflect a carefully coordinated effort in which all subcontractors perform their tasks according to established schedules, requirements, and processes. Our extensive experience with our subcontractors has allowed us to develop a management and risk mitigation approach that ensures success.

We structure our project organization to maximize effective communication between our team and our subcontractors. As such, there are clearly defined lines of authority for both technical and contractual direction. Project Managers Angie Hernandez and Jeff Vinsant make certain that each subcontractor's contributions are seamlessly integrated into the project, and that the subcontracts are in compliance with State statutes and their provisions. We monitor subcontractors with regular meetings and conference calls, as well as with reports of weekly activity that include accomplishments, issues, and resources.

We use both formal and informal mechanisms to assess subcontractor work status throughout the life of the contract. While formal mechanisms are important, we also believe that the frequent conversations between Ms. Hernandez and Mr. Vinsant and our subcontractors lead to a complete understanding of their performance and status. These frequent conversations likewise confirm that each subcontractor is aware of any issues concerning its program components and our expectations for issue resolution.

Previous Experience with Subcontractors

Having worked with each of our proposed subcontractors in the past allows us to ensure their commitment to the program, their reliability, and their industry expertise. In Table VII-9, we describe our previous experience with each subcontractor.

Table VII-9. Conduent and Subcontractor Relationship

Subcontractor	Relationship to Conduent / Previous Experience
CDE Services, Inc.	***We have more than 25 years of experience partnering with CDE. CDE repairs and provides maintenance for our EBT, WIC EBT, and eCC equipment. But they do more than just repair equipment; they completely remanufacture it, and then make sure that the equipment is shipped to retailers, vendors, and providers with the applicable training materials. What distinguishes this company from others in their field is that they are more than an equipment warehouse—they help us deliver exceptional customer service for our customers.***
Contact Solutions, LLC	***Contact Solutions has provided trusted customer self-service for a wide variety of Conduent state programs for more than a decade. We currently partner with Contact Solutions on more than 50 programs nationwide, including EBT, WIC EBT, eCC, and EPC Services programs. They handle more than 80 million calls each month for our government programs and consistently deliver exceptional interactive multilingual IVR services. Over the course of our long-term relationship, Conduent and Contact Solutions have delivered more than 400 IVR solutions for our government agency programs.***
Fiserv Solutions, LLC	***A leading global provider of information management and electronic commerce systems for financial institutions, investment and insurance firms, government agencies and other business customers, Fiserv provides card production and personalization for many of Conduent's EBT, WIC EBT, eCC and EPC Services programs. We have been working with them for over 16 years, and they support 92 of Conduent's state, local, and federal programs in 33 states. In 2016, Fiserv produced and mailed nearly 14.7 million cards for our programs, including 6.5 million for EBT and 835,820 for WIC EBT.***

5.2.1.3 Provide the same information for any proposed subcontractors as requested in ***Section 5.1, Vendor Information***.

In the following subsections we provide the requested information from RFP Section 5.1, Vendor Information, for each of our subcontractors:

- ***CDE Services, Inc.***
- ***Contact Solutions, LLC***
- ***Fiserv Solutions, LLC***

Subcontractor Company Profiles [RFP 5.1.1]

In Tables VII-10 through VII-12, we provide the company profile information for each subcontractor.

Table VII-10. CDE Services, Inc. Company Profile

Question	Response
Company Name	CDE Services, Inc.
Ownership (Sole Proprietor, Partnership, Etc.)	Corporation
State of Incorporation	Georgia
Date of Incorporation	Founded in 1989
Number of Years in Business	28
List of Top Officers	• Barry Madel, President • Joseph Barna, Chief Technology Officer • Randy Siebold, SVP – Commercial Leader, POS Solutions • Daniel Merchant, Director of Business Intelligence • Jeff Cornelison, SVP Commercial Services • Drew Carl, Director of Marketing • Doreen Row, Controller, Human Resources Manager • Scott Childress, Program Manager • Cindy Stewart, Call Center Director • Chris Ensley, Program Manager
Location of Company Headquarters	Marietta, Georgia
Location(s) of the Office that Shall Provide the Services Described in this RFP	Marietta, Georgia
Number of Employees Locally with the Expertise to Support the Requirements Identified in this RFP	0
Number of Employees Nationally with the Expertise to Support the Requirements in this RFP	70
Location(s) from which Employees Shall Be Assigned for this Project	Georgia

Table VII-11. Contact Solutions, LLC Company Profile

Question	Response
Company Name	***Verint Americas, Inc. (Successor-In-Interest to Contact Solutions, LLC)***
Ownership (Sole Proprietor, Partnership, Etc.)	***Corporation***
State of Incorporation	***Delaware***
Date of Incorporation	***Verint Americas Inc. was incorporated in February 1994***
Number of Years in Business	***23***
List of Top Officers	• ***Dan Bodner, President, Chief Executive Officer and Chairman of the Board of Directors*** • ***Peter Fante, Chief Administrative Officer*** • ***Elan Moriah, President, Customer Engagement Solutions*** • ***Jane O'Donnell, Senior Vice President, Global Human Resources*** • ***Douglas Robinson, Chief Financial Officer*** • ***Alan Roden, Senior Vice President, Corporate Development and Investor Relations*** ***Details on the Verint management team and board of directors can be found at http://www.verint.com/about/company-profile/executive-leadership/.***
Location of Company Headquarters	***800 North Point Parkway, Alpharetta, GA 30005***
Location(s) of the Office that Shall Provide the Services Described in this RFP	***11950 Democracy Drive, Suite 250, Reston, VA 20194***
Number of Employees Locally with the Expertise to Support the Requirements Identified in this RFP	***0***
Number of Employees Nationally with the Expertise to Support the Requirements in this RFP	***130***
Location(s) from which Employees Shall Be Assigned for this Project	***11950 Democracy Drive, Suite 250, Reston, VA 20194***

Table VII-12. Fiserv Solutions, LLC Company Profile

Question	Response
Company Name	***Fiserv Solutions, LLC***
Ownership (Sole Proprietor, Partnership, Etc.)	***Corporation***
State of Incorporation	***Wisconsin***
Date of Incorporation	***1984***
Number of Years in Business	***33***
List of Top Officers	• ***Jeffery W. Yabuki -President, Chief Executive Officer and Director*** • ***James W. Cox - Executive Vice President, Corporate Development*** • ***Mark A. Ernst - Chief Operating Officer*** • ***Jim Grech - Chief Information Officer*** • ***Kevin P. Gregoire - Group President, Financial Institutions*** • ***Robert W. Hau - Chief Financial Officer and Treasurer*** • ***Lynn S. McCreary - Chief Legal Officer and Secretary*** • ***Devin McGranahan - Group President, Billing and Payments*** • ***Mark Paulek - Chief Human Resources Officer*** • ***Kevin P. Pennington - Executive Vice President*** • ***Kevin J. Schultz - Group President, Digital Banking*** • ***Steve Tait - Chief Sales Officer and Group President, International*** • ***Byron C. Vielehr - Group President, Depository Institution Services***
Location of Company Headquarters	***255 Fiserv Drive, Brookfield, WI 53045***
Location(s) of the Office that Shall Provide the Services Described in this RFP	***Indianapolis, IN***
Number of Employees Locally with the Expertise to Support the Requirements Identified in this RFP	***0***
Number of Employees Nationally with the Expertise to Support the Requirements in this RFP	***25***
Location(s) from which Employees Shall Be Assigned for this Project	***Indianapolis, IN***

State of Nevada Registration [RFP 5.1.2]

As prime contractor, Conduent is organized pursuant to the laws of the State of New York. In addition we are registered as a foreign corporation in the State of Nevada with the Secretary of State.

State of Nevada Licenses [RFP 5.1.3]

As prime contractor, Conduent is registered in the State of Nevada with the Secretary of State. We have included a copy of the Nevada Certificate of Existence with Status in Good Standing in our response to RFP Section IV, State Documents.

In the Table VII-13, we provide our business license information.

Table VII-13. Conduent's State of Nevada Business License Information

Question	Response
Nevada Business License Number	NV19911026030
Legal Entity Name	Conduent State & Local Solutions, Inc.
Is "Legal Entity Name" the same name as vendor is doing business as? (If "No", provide explanation)	Yes

Licensing Requirements [RFP 5.1.4]

There are no licensing requirements for the EBT and WIC EBT services requested in this RFP. The responsibility for the performance of our subcontractors rests solely with Conduent. Therefore, subcontractors are made aware of and adhere to the requirements specified within this RFP and the subsequent contract between DHHS and Conduent.

Subcontractor Previous Nevada Contracts [RFP 5.1.5]

CDE has not been engaged under contract by any State of Nevada agency. Contact Solutions and Fiserv have been engaged under contract by a State of Nevada agency. In Table VII-14, we provide information for contracts Contact Solutions and Fiserv currently have or have held with a State of Nevada agency.

Table VII-14. Subcontractor Previous Nevada Experience

Question	Response
Contact Solutions Previous Nevada Experience	
Name of State agency	Department of Employment, Training & Rehabilitation
State agency contact name	Subcontractor to Conduent (Conduent customer contact: Denise Miller)
Dates when services were performed	07/10/2007 – 12/31/2016
Type of duties performed	IVR services for the Nevada unemployment deposit notification and electronic disbursement program.
Total dollar value of the contract	$13k (ARR) for IVR services
Fiserv Previous Nevada Experience	
Name of State agency	Nevada Department of Health and Human Services
State agency contact name	Subcontractor to Conduent State Healthcare, LLC (Conduent customer contact: Heather Gagliano)
Dates when services were performed	Current
Type of duties performed	Card fulfillment / mailing
Total dollar value of the contract	$36,000

Subcontractor State of Nevada Employee Disclosure [RFP 5.1.6]

None of the requirements listed in RFP Section 5.1.6 apply to our subcontractors. In Table VII-15, we provide our subcontractor's information regarding the State of Nevada employee disclosure.

Table VII-15. Subcontractor State of Nevada Employee Disclosure

Requirements	Subcontractor		
	CDE Services, Inc.	Contact Solutions, LLC	Fiserv Solutions, LLC
Are you now or have you been within the last two years an employee of the State of Nevada, or any of its agencies, departments, or divisions?	No	No	No
If "Yes", please explain when the employee is planning to render services, while on annual leave, compensatory time, or on their own time?	N/A	N/A	N/A
If you employ (a) any person who is a current employee of an agency of the State of Nevada, or (b) any person who has been an employee of an agency of the State of Nevada within the past two years, and if such person shall be performing or producing the services which you shall be contracted to provide under this contract, you shall disclose the identity of each such person in your response to this RFP, and specify the services that each person shall be expected to perform.	N/A	N/A	N/A

Subcontractor Contract Failures, Breaches, and Litigation [RFP 5.1.7]

In the last six years, no contract failures, contract breaches, civil or criminal litigation apply to our subcontractors.

Subcontractor Insurance [RFP 5.1.8]

As required, our subcontractors will comply with the insurance requirements specified in RFP Attachment D, Insurance Schedule for RFP 3292.

Subcontractor Company Background/History [RFP 5.1.9]

As demonstrated in the information provided in the following subsections, our subcontractors offer DHHS relevant experience providing the services proposed for the program and a strong company background/history. From working with these subcontractors in previous programs, we know they bring the necessary EBT and WIC EBT expertise to successfully support your EBT Programs.

CDE Services Inc.

CDE was founded when electronic processing was still a new and novel way for merchants to accept credit and debit card payments. At that time, companies offering electronic card processing had to rely on Original Equipment Manufacturers (OEMs) to repair a broken piece of equipment and order supplies. CDE developed an efficient assembly line repair process that decreased the cost of POS equipment repairs. As the market for refurbished units grew, CDE's repair process evolved into an automated system for creating high quality, reliable, and affordable remanufactured units.

Today, CDE's legacy business continues to repair and remanufacture equipment, but they have expanded their service offerings to include a full range of equipment management solutions as well as new equipment sales. The company's evolution has continued over time in response to the constant changes in the payments landscape.

Headquartered in Marietta, Georgia, CDE's corporate offices house the customer service call center, accounting, sales and marketing departments, as well as the primary remanufacturing center, deployment, and retrieval department.

Contact Solutions, LLC

Contact Solutions was founded in 2003 and has a proven ability to deliver exceptional multilingual, interactive IVR services. On February 22, 2016, Contact Solutions was acquired by Verint. Verint Systems Inc. is a public company traded on the NASDAQ market under the ticker symbol: VRNT. Verint Americas, Inc. is a subsidiary of Verint Systems Inc.

Contact Solutions is a leader in installing and maintaining efficient and wide-ranging IVR solutions to government and private sector customers. They provide end-to-end 24/7 monitoring of the platform, telecommunications network, and associated customer and third-party system integration points are to ensure the total solution is available and operating at peak performance.

The company's automation applications are configured to meet specific customer requirements, ranging from basic menu tree applications to highly complex transactions. Beyond basic touchtone functionality, state-of-the-art system capabilities such as speech recognition (optional) and text-to-speech, are used to make sure each caller has a superior experience while maximizing the automation rate.

Contact Solutions' IVR leverages a robust business intelligence framework to create highly personalized experiences. Their hosted self-service delivers a flexible, highly reliable, and scalable environment and removes operational and technical burdens that legacy and premise systems struggle to reduce. Highlights include the following:

- ***Massively scalable to support call volume increases and peaks***
- ***Highly redundant service delivery platform, with zero downtime since 2004***
- ***Seamless integration with CRM and other back-end systems***
- ***Fully secure – SSAE-16 certified and PCI and HIPAA compliant***
- ***Billions of transactions completed for constituents in support of a wide range of government programs***

Fiserv Solutions, LLC

Fiserv is a global leader in financial services and output solutions specializing in card production, personalization, fulfillment, and mailing. With 22,000 worldwide employees and revenues of $5.3 billion, Fiserv provides integrated technology and services that create value and results for more than 13,000 customers worldwide. Fiserv produced over 360 million cards in 2016. They maintain industry standards for card production while adhering to state and federal regulatory requirements within their facilities.

They are an experienced outsourcing partner for all types of business communications and delivery options including secure and non-secure cards, statements, invoices, and checks, delivered using paper or electronic channels according to customer preferences. They are known as a leading vendor with industry knowledge that provides integrated technology and services that create value and results for their 16,000 customers worldwide. With multiple locations across the nation, customers leverage Fiserv's capacity to handle normal daily fulfillment work, as well as volume spikes; and with full IT and equipment redundancy, customers can be assured of business continuity in the event of a disaster.

Subcontractor Experience Providing EBT and WIC Services [RFP 5.1.10]

In Table VII-16, we provide a brief description of the length of time each subcontractor has been providing services similar to those described in this RFP.

Table VII-16. Subcontractors Experience Providing EBT and WIC Services

Subcontractor	Experience Providing EBT and WIC Services
CDE Services, Inc.	***CDE has over 25 years in business and it continues to provide the highest quality in equipment and services. As previously noted, CDE repairs and provides maintenance for our EBT, WIC EBT, and eCC equipment. But they do more than just repair equipment; they completely remanufacture it, and then make sure that the equipment is shipped to retailers, vendors, and providers with the applicable training materials. What distinguishes this company from others in their field is that they are more than an equipment warehouse—they help us deliver exceptional customer service for our customers.*** ***As a veteran company in the industry and a POS solution provider, CDE allows our customers to provide payment processing that is uninterrupted and safe from security breaches. Their experience delivering POS equipment, training retailers/WIC vendors, and servicing POS equipment with the highest quality and attention to detail are a few of the many capabilities they bring to Nevada.***
Contact Solutions, LLC	***Since 2003, Contact Solutions has provided IVR services to both commercial enterprise and government customers. In the government sector, more than 40 states depend on their cloud solutions to provide self-service to millions of citizens who participate in state assistance programs like EBT, WIC, and Medicaid. Their applications are configured to meet specific customer requirements, ranging from basic call routing to highly complex transactions, and their IVRs also include multilingual capabilities.*** ***For Nevada, Contact Solutions offers the peace of mind that participants will get the customer service experience they deserve and need. As an experienced company in the industry, they understand that your constituents need fast assistance, an easy to use IVR system, and self-service capabilities that can resolve program participant issues at any time.***
Fiserv Solutions, LLC	***Fiserv has over 33 years of experience manufacturing and delivering EBT/debit card and government related cards, representing 52 percent of the total United States EBT/SNAP card volume. Customers partner with Fiserv because of their fast, on-time delivery, customizable programs, web tracking interfaces, and quality card and paper products. Furthermore, customers partner with Fiserv because they have the expertise to handle the complex switching needs of financial institutions, independent sales organizations, merchants and third-party processors acquired through many successful implementations in numerous countries and the billions of transactions processed annually.*** ***Due to the history Fiserv has in the industry, they are familiar with the unique requirements of state government programs. For Nevada, they bring their demonstrated ability to provide top quality card production and distribution services, including emergency card issuance support during state-declared disasters. We know this from our experience working with Fiserv on 92 of our programs.***

Subcontractor Financial Information and Documentation [RFP 5.1.11]

In Table VII-17 we provide our subcontractors' financial information. Copies of our subcontractors' financial reports are included in Section X, Other Informational Material.

Table VII-17. Subcontractor Financial Information

Requirement	Response
CDE Services, Inc.	
Dun and Bradstreet Number	***78-761-7612***
Federal Tax Identification Number	***58-1878009***
The last two years and current year interim: • ***Profit and Loss Statement*** • ***Balance Statement***	***CDE Services, Inc. is a privately owned company and does not disclose its financial information.***
Contact Solutions, LLC	
Dun and Bradstreet Number	***87-827-5817***
Federal Tax Identification Number	***23-2518693***
The last two years and current year interim: • ***Profit and Loss Statement*** • ***Balance Statement***	***We have included copies of Verint's financial statements (the last two years and current year interim of the profit and loss statement and balance statement) in Section X, Other Informational Material, Section X.3, Verint Financial Information.*** ***Financial reports for Verint are also available online at: http://www.verint.com/about/investor-relations/10-k-and-10-q-filings/***
Fiserv Solutions, LLC	
Dun and Bradstreet Number	***12-159-4832***
Federal Tax Identification Number	***39-1506125***
The last two years and current year interim: • ***Profit and Loss Statement*** • ***Balance Statement***	***We have included a copy of Fiserv's 10-K, which includes the last two years of the profit and loss statement and balance statement. We have also included the current year interim financial information for the profit and loss statement as well as the balance statement. These documents can be found in Section X, Other Informational Material, Section X.4, Fiserv Financial Information.*** ***Financial reports for Fiserv are also available online at http://investors.fiserv.com/results.cfm.***

5.2.1.4 Business references as specified in ***Section 5.3, Business References*** shall be provided for any proposed subcontractors.

As clarified in Question #27 of Amendment 2, we are providing five business references for each of our proposed subcontractors in the following subsections.

Our subcontractors understand that the State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

CDE Services Inc.

Table VII-18 provides five business references for CDE, including company names, contact names and titles, telephone numbers, and email addresses, and a description of the services provided.

Table VII-18. CDE Business References

Reference #1	
Company Name	Omnivue
Contact Name and Title	Kristen O'Dell, Office Manager
Telephone Number	770.587.0095
Email Address	kodell@omnivue.net
Description of Services	Omnivue provides CDE with business processing solutions as a consultant.
Reference #2	
Company Name	Kendall Electric
Contact Name and Title	Amanda Bohanon, Office Manager
Telephone Number	770.591.7833
Email Address	amandab@kendallelectric.net
Description of Services	Kendall Electric maintains and services CDE's electrical system.
Reference #3	
Company Name	Aprio
Contact Name and Title	Bonnie Parise, Administrative Assistant
Telephone Number	404.892.9651
Email Address	Bonnie.parise@aprio.com
Description of Services	Aprio helps with financial planning as a consultant service.
Reference #4	
Company Name	Piedmont National
Contact Name and Title	Charmaine Hill, Credit Specialist
Telephone Number	404.351.6130
Email Address	charmaineh@pncorp.com
Description of Services	Piedmont National provides custom packaging and warehouse equipment services to CDE.
Reference #5	
Company Name	Specialty Roll Products, Inc.
Contact Name and Title	Gordon Parker, Account Manager
Telephone Number	423.954.2499
Email Address	gparker@specialtyroll.com
Description of Services	CDE purchases paper rolls for terminals and POS systems from this company.

Contact Solutions, LLC

Table VII-19 provides five business references for Contact Solutions, including company names, contact names and titles, telephone numbers, and email addresses, and a description of the services provided.

Table VII-19. Contact Solutions Business References

Reference #1	
Company Name	Conduent customer for Massachusetts EBT
Contact Name and Title	Cynthia Sullivan, Director of Benefit Issuance, Department of Transitional Assistance
Telephone Number	617.348.5601
Email Address	Cynthia.Sullivan@state.ma.us
Description of Services	Provides the Commonwealth of Massachusetts with IVR services for EBT cardholder and retailer help desks
Reference #2	
Company Name	Conduent customer for Ohio EBT
Contact Name and Title	Christina Thomas, EBT Section Chief
Telephone Number	614.644.1319
Email Address	christina.thomas@jfs.ohio.gov
Description of Services	IVR services for access to cardholder information, retailer information, balance inquiries, transaction histories, and reporting lost or stolen cards
Reference #3	
Company Name	Conduent customer for Illinois EBT
Contact Name and Title	Kasey Reagan, EBT Director
Telephone Number	217.524.3122
Email Address	kasey.reagan@illinois.gov
Description of Services	Provides Illinois cardholders with a multi-language IVR that delivers balance and pending deposit information, last 10 transactions, reporting of lost/stolen cards, and alternate authentication using the cardholder's SSN, DOB, and PIN
Reference #4	
Company Name	State of Maryland – Department of Human Resources
Contact Name and Title	Tim Stein, Assistant IT Director
Telephone Number	410.767.4981
Email Address	tim.stein@maryland.gov
Description of Services	IVR support for over 160,000 providers, including physicians, who have staff that call the IVR to verify a patient's Medicaid eligibility
Reference #5	
Company Name	State of Georgia - Department of Human Services
Contact Name and Title	Nixie Ann Gumbs, Customer Contact Center, Director Department of Family and Children Services
Telephone Number	404.803.8021
Email Address	nixieann.gumbs@dhs.ga.gov
Description of Services	Supports both automated IVR and agent-assisted call centers in large and small instances for different government agencies—the largest being the Department of Family and Child Services and Child Protective Services, with other agencies including the Department of Corrections and the Georgia Bureau of Investigation

Fiserv Solutions, LLC

Table VII-20 provides five business references for Fiserv, including company names, contact names and titles, telephone numbers, and email addresses, and a description of the services provided.

Table VII-20. Fiserv Business References

Reference #1	
Company Name	***Club Corp***
Contact Name and Title	***Katie Zook, Director, Member Services***
Telephone Number	***972.888.7574***
Email Address	***Katie.zook@clubcorp.com***
Description of Services	***Card Fulfillment/Mailing***
Reference #2	
Company Name	***Credit First***
Contact Name and Title	***Nasreen Ali, Product Owner***
Telephone Number	***216.362.5499***
Email Address	***alinasreen@CFNA.com***
Description of Services	***Print Production/Mailing***
Reference #3	
Company Name	***AAA ACG***
Contact Name and Title	***Chris Johnson, Manager, Strategic Sourcing***
Telephone Number	***813.289.5920***
Email Address	***cjohnson@aaasouth.com***
Description of Services	***Card and Print Fulfillment / Mailing***
Reference #4	
Company Name	***AAA Carolina***
Contact Name and Title	***Janet Watts, Manager, Strategic Sourcing***
Telephone Number	***704.569.7724***
Email Address	***jswatts@aaacarolinas.com***
Description of Services	***Card and Print fulfillment / Mailing***
Reference #5	
Company Name	***TCF Bank***
Contact Name and Title	***Jake Buckingham, Debit & Credit Card Product Manager***
Telephone Number	***952.475.5244***
Email Address	***LBucking@tcfbank.com***
Description of Services	***Card Fulfillment / Mailing***

5.2.1.5 Provide the same information for any proposed subcontractor staff as specified in ***Section 5.4, Vendor Staff Skills and Experience Required***.

Conduent is not proposing subcontractor staff for your three EBT Programs; therefore, no staff information has been included.

5.2.1.6 Staff resumes for any proposed subcontractors as specified in ***Section 5.5, Vendor Staff Resumes***.

Conduent is not proposing subcontractor staff for your three EBT Programs; therefore, subcontractor resumes are not needed.

5.2.1.7 Vendor shall not allow any subcontractor to commence work until all insurance required of the subcontractor is provided to the vendor.

As required, our subcontractors will not commence work until all insurance required of each subcontractor is provided to us.

5.2.1.8 Vendor shall notify the using agency of the intended use of any subcontractors not identified within their original proposal and provide the information originally requested in the RFP in ***Section 5.2, Subcontractor Information***. The vendor shall receive agency approval prior to subcontractor commencing work.

If necessary, we will notify the using agency of the intended use of any subcontractors not identified within our original proposal and provide the information originally requested in RFP Section 5.2, Subcontractor Information. Conduent will receive agency approval prior to the subcontractor commencing work.

5.2.1.9 All subcontractor employees assigned to the project shall be authorized to work in this country.

As required, all subcontractor employees assigned to your three EBT Programs are authorized to work in this country.

5.3 BUSINESS REFERENCES

Bringing Benefits and Meeting Objectives
• ***First-hand accounts of our capabilities, available through our references, provide the State of Nevada with valuable insight into the depth, breadth, and quality of our experience, and also serve as a testament to our reliability, integrity, and credibility as your partner. The confidence that is gained through these references that detail our long and successful history in this industry further strengthens our proven abilities we offer the State.***
• ***Our references provide assurance that we can meet all of DHHS' needs and speak to our abilities in transition, implementation, and operation of EBT and WIC EBT programs.***

For more than 20 years we have worked hand-in-hand with government customers providing support for children and families. Throughout this time we have delivered reliable solutions and consistently performed beyond expectations. We have become one of the largest providers of technology services to state and local governments in the United States and bring demonstrated experience transitioning and maintaining EBT and WIC EBT services.

Successful past performance is a significant indicator of our ability to meet the needs of DHHS. Together with each of our customers, we have achieved great success in the programs we operate and manage, providing dependable EBT and WIC EBT services to recipients who rely on them. We are pleased to present DHHS with five customer references that show a range of experience and capability for your three EBT Programs scope of work.

In the following sections we list these references and include all other required information.

5.3.1 Vendors shall provide a minimum of five (5) business references from similar projects performed for private and/or public sector clients within the last five (5) years.

We provide the following five business references that are currently in operation (meeting the five year requirement) from projects similar to the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project.

Our business references for EBT services are:

- ***Oklahoma Department of Human Services***
- ***Louisiana Department of Children and Family Services***
- ***New York Office of Temporary and Disability Assistance***

Our business references for WIC EBT services are:

- ***Virginia Department of Health***
- ***Indiana Department of Health***

5.3.2 Business references shall show a proven ability of:

5.3.2.1 Developing, designing, implementing and/or transferring a large scale application with public and/or private sectors;

5.3.2.2 Developing and executing a comprehensive application test plan;

5.3.2.3 Developing and implementing a comprehensive training plan;

5.3.2.4 Experience with comprehensive project management;

5.3.2.5 Experience with cultural change management;

5.3.2.6 Experience with managing subcontractors; and

5.3.2.7 Development and execution of a comprehensive project management plan.

First-hand accounts of our EBT and WIC EBT capabilities, available through our references, provide DHHS with valuable insight into the depth, breadth, and quality of our experience, and also serve as a testament to our reliability, integrity, and credibility as a contractor for Nevada. Our five references demonstrate our proven abilities in these areas:

- ***Developing, designing, implementing and/or transferring a large scale application with public and/or private sectors***
- ***Developing and executing a comprehensive application test plan***
- ***Developing and implementing a comprehensive training plan***
- ***Experience with comprehensive project management***
- ***Experience with cultural change management***
- ***Experience with managing subcontractors***
- ***Development and execution of a comprehensive project management plan.***

5.3.3 Vendors shall submit ***Attachment E, Reference Questionnaire*** to their business references.

As required, we submitted Attachment E, Reference Questionnaire to five business references for completion and submission to the State.

5.3.4 It is the vendor's responsibility to ensure that completed forms are received by the Purchasing Division on or before the deadline as specified in ***Section 9, RFP Timeline*** for inclusion in the evaluation process. Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process.

We understand that it is our responsibility to ensure that completed forms are received by the Purchasing Division on or before the deadline as specified in RFP Section 9, RFP Timeline, for inclusion in the evaluation process and that reference questionnaires not received, or not complete, may adversely affect our score in the evaluation process.

5.3.5 The State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

We understand and accept that the State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for our performance.

5.4 VENDOR STAFF SKILLS AND EXPERIENCE REQUIRED

The vendor shall provide qualified personnel to perform the work necessary to accomplish the tasks defined in ***Section 4, Scope of Work***. The State shall approve all awarded vendor resources. The State reserves the right to require the removal of any member of the awarded vendor's staff from the project.

Bringing Benefits and Meeting Objectives
• ***As the contractor that has focused on supporting state, local, and federal government programs from the very beginning, we offer you unmatched real-world experience providing you the right number and mix of staff to manage this program so that you can focus on your real priority—your cardholders.***
• ***Conduent corporate leaders, subject matter experts, and other key personnel behind the scenes provide resources needed to support the overall goals for project success and decrease strain on your staff.***

To ensure the success of your three EBT Programs, you need an experienced and reliable contractor with the personnel expertise necessary to transition and operate EBT and WIC EBT programs without service interruption. Operating the program takes more than an advanced technical solution; it requires people behind the system, who manage the program with a high level of commitment. That contractor should also provide a vast network of subject matter experts to support the overall goals of the program. Conduent is that Contractor. We are committed to providing you with the right number and mix of staff that will allow for a successful transition and smooth operation of your EBT Programs.

We base our staffing plan on our previous experience with successful transitions, and ensure that critical staff are available as needed. We carefully consider the RFP requirements and each staff member's particular qualifications and skill set. We also propose additional staff who will support critical functions for the program, and provide a dedicated Corporate Oversight team comprised of Conduent leaders, providing the resources the program needs for continuous success, as well as subject matter expertise to support the program.

Nothing can replace real-world experience when managing complex programs and transitions. Nevada benefits from the combination of our corporate leadership experience and the specific expertise of our proposed program team. We offer a qualified leadership team with experience unmatched by any other contractor as well as qualified personnel to perform the work necessary to accomplish the tasks defined in RFP Section 4, Project Wide Scope of Work. Our program team was assembled to match the objectives, requirements, and services you seek, and the team applies our proven project management methodology (PMM) to work as a cohesive whole to ensure that participants, retailers/vendors, and all stakeholders receive the highest quality of service.

Exhibit VII-10 provides our proposed organizational chart, which defines how we staff and manage your three EBT Programs. We understand that the State will approve all resources and that the State reserves the right to require the removal of any member of team from the project.

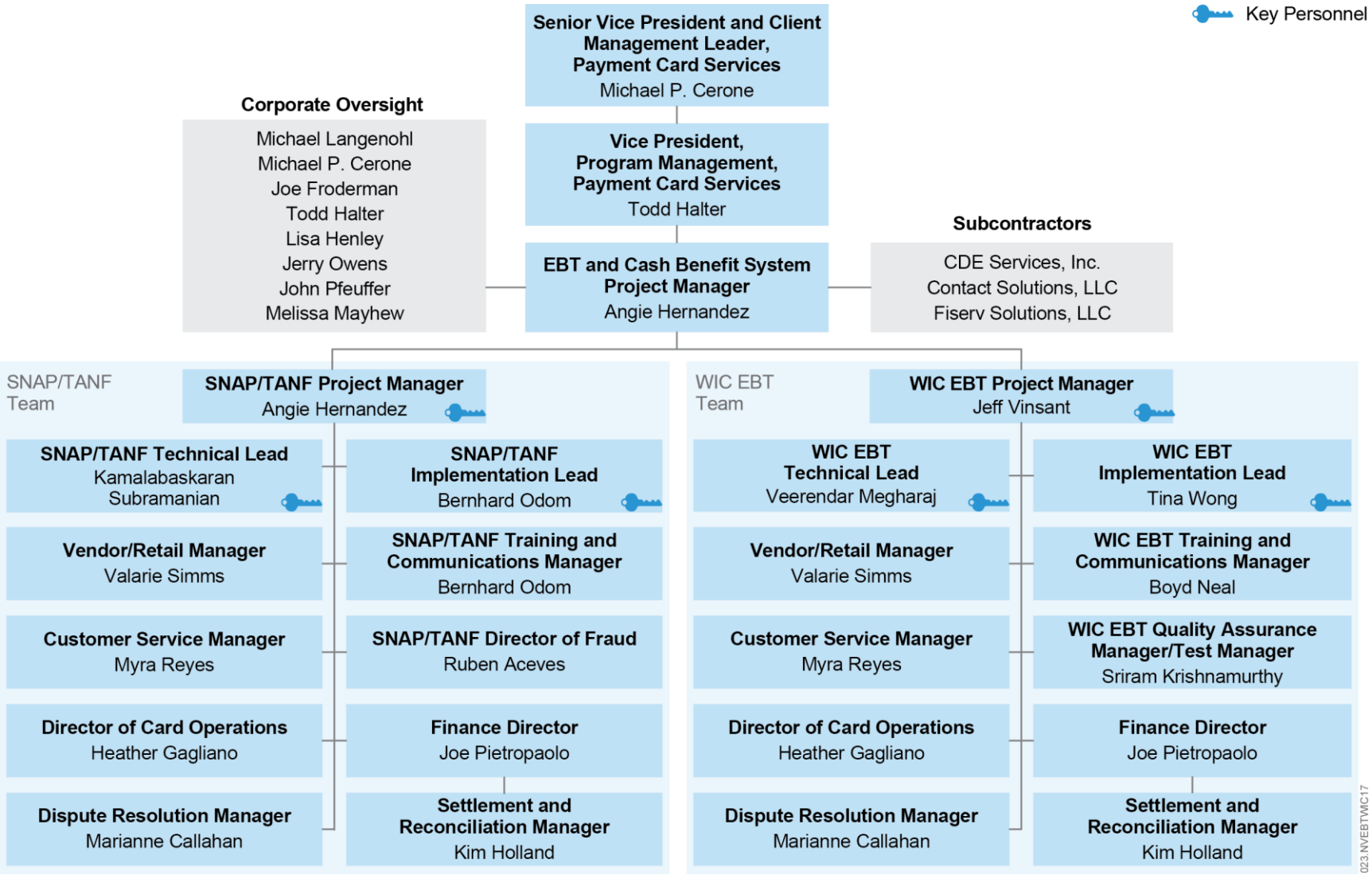


Exhibit VII-10. Organizational Chart

Our team works cohesively within the organizational structure to operate your three EBT Programs at the highest level.

Clearly defined lines of authority along with sufficient decision-making capabilities at all management levels, but especially in regard to the project manager, allows issues to be resolved quickly to assure seamless services to all stakeholders. Our experience in managing transitions and ongoing efficient operations has demonstrated that project management personnel require the authority to make speedy decisions without cumbersome corporate intervention. We empower our project management team with the ability to make decisions related to our performance under the contract, and consider this a cornerstone of our project management approach.

Exhibit VII-10, previously provided, shows the lines of authority and responsibility. As this organizational chart indicates, Ms. Hernandez has complete responsibility for your EBT Programs, including subcontractor performance. She has the full support of Vice President, Program Management Todd Halter, our Corporate Oversight team, and WIC EBT Project Manager Jeff Vinsant, who is in charge of the WIC EBT team.

Our project management approach promotes a culture that provides for efficient and effective decision making at all appropriate staff and program levels, which is supported by our open and collaborative management designed to keep you fully informed on all aspects of your program. Clear lines of authority and well-defined roles and responsibilities provide accountability, clarity, and coherence to daily functions.

Our program team has distinctly defined responsibilities and reporting relationships with effective communication vertically and horizontally at both the team and corporate level. Each senior, mid-level, and first-line manager has specific responsibility for meeting program performance standards that have been developed in partnership with you. Ms. Hernandez meets regularly with managers and staff to monitor program progress, resolve escalated issues, and provide guidance for resource reallocation and further planning of work.

In the remainder of this proposal section, we provide details about how the experience of our staff can be of direct benefit to you, and assure the successful and timely completion of the program phases and associated deliverables. Please find our proposed personnel resumes in Section VIII, Attachment H – Proposed Staff Resume.

5.4.1 Project Manager Qualifications

The Project Manager assigned by the awarded vendor to the engagement shall have:

5.4.1.1 A minimum of four (4) years of project management experience, within the last ten (10) years, in government or the private sector;

5.4.1.2 A minimum of three (3) years of experience, within the last ten (10) years, managing systems architecture and development projects;

5.4.1.3 A minimum of two (2) years of experience with systems analysis and design;

5.4.1.4 A minimum of two (2) years of experience with systems development and implementation;

5.4.1.5 Completed at least one (1) project within the past three (3) years that involved designing business processes and procedures and developing new systems to support the new business processes; and

5.4.1.6 Completed at least one (1) project within the past three (3) years that involved communication and coordination of activities with external stakeholders.

Effective project management is essential to program success. Constant adherence to best practices in risk and quality management helps to avoid contingencies and controls project performance throughout the life of the contract. Responsive communication, collaborative planning, and dedication to customer service are also key indicators of a successful effort. With your EBT Programs, the project manager should understand the demands of monitoring and controlling the project schedule, scope, and resources in areas such as risk and quality management, integration, and settlement and reconciliation, among others. The project manager also should demonstrate a capacity to communicate effectively with State personnel and must ensure that high standards of customer service are delivered throughout the life of the program.

With these items in mind, we designed our program organization to include two project managers who lead the SNAP/TANF team and WIC EBT team respectively.

In the following section, we provide biographies for our proposed project managers and showcase how they each meet the requested qualification requirements.

SNAP/TANF Project Manager, Angie Hernandez

Proposed Project Manager Angie Hernandez is a dependable, detail-oriented, and customer-focused professional with an outstanding background in health and human services spanning more than 16 years. She brings over 10 years of EBT project management experience and extensive experience with county and state government system implementation, program automation, and system maintenance and operations projects. Furthermore, she has vast experience in requirement gathering, requirements traceability, customer service, communication management, change management, quality assurance, and system impact analysis, as well as experience managing projects, contracts, and vendors.

Her expertise also includes analyzing and modeling business processes, as well as developing course outlines and materials and conducting classes/trainings to support the implementation of new business processes and systems. Furthermore, she has managed the teams in charge of designing online interfaces, developing systems using the relational database proposed, developing system to system interfaces, and developing secure internet applications.

Ms. Hernandez received her PMP certification in August 2014. Through her more than 10 years of experience with the California EBT and CalWIN projects, she is familiar with established and implemented program control systems ensuring stringent budget and schedule management activity and timely reporting. Her rich background provides assurance to you that your EBT Programs will be managed in a professional manner with an emphasis on accountability, transparency, and communication.

Table VII-21 provides our responses to the RFP requirements for Ms. Hernandez.

Table VII-21. SNAP/TANF Project Manager Angie Hernandez

Requirement	Qualifications
A minimum of four years of project management experience, within the last 10 years, in government or the private sector	Ms. Hernandez exceeds this requirement, as she has over 10 years of project management experience.
A minimum of three years of experience, within the last 10 years, managing systems architecture and development projects	Ms. Hernandez has over 10 years of experience managing systems architecture and development projects. For the California EBT project, Ms. Hernandez supported the implementation of XSBI Data Warehouse, as well as designed and implemented EBT Network Connectivity between LEADER Consortium and the California EBT Host System. Through her experience with First Data Corporation, Ms. Hernandez managed and provided oversight for the CalWIN Web Modernization Project and Service Center Deficiency Management System Upgrade.
A minimum of two years of experience with systems analysis and design	Ms. Hernandez has over 10 years of experience with systems analysis and design through her support for the California EBT and CalWIN projects.

Requirement	Qualifications
A minimum of two years of experience with systems development and implementation	*Ms. Hernandez has over 10 years of experience with systems development and implementation through her experience with the California EBT and CalWIN projects where she supported various system changes and upgrades, and assisted in the system development and implementation of these changes for both projects.*
Completed at least one project within the past three years that involved designing business processes and procedures and developing new systems to support the new business processes	*Ms. Hernandez experience with the California EBT project involved designing business processes and procedures and developing new systems to support new business processes. She leads the efforts to design, modify, and establish internal business processes and procedures to support new systems implementations or system modifications for the program.*
Completed at least one project within the past three years that involved communication and coordination of activities with external stakeholders	*Ms. Hernandez experience with the California EBT project involves the communication and coordination of activities with external stakeholders. As Deputy Project Manager and now, Project Manager, it is her responsibility to maintain communication with the state and work with external stakeholders as needed.*

WIC EBT Project Manager, Jeff Vinsant

PMP-certified Jeff Vinsant brings over eight years of experience at Conduent implementing EBT, WIC EBT, and eCC programs. Further, he has been serving as Conduent's program manager for the Michigan WIC EBT program and Indiana eCC program for three years. He also offers over 16 years software development life cycle (SDLC) and project life cycle experience using methodologies including Waterfall, RUP, and Agile with implementation experience in project management, requirements management, technical design, development, testing, and implementation. Furthermore, Mr. Vinsant brings over 23 years' experience in the IT and the human services industry.

He has a background in state government contracts and transaction-based systems: EBT (SNAP and WIC) payment card, electronic childcare (eCC), Medicaid (MMIS), and child support emphasizing development of customized transaction based systems and integration with external systems, as well as a background in in retail enterprise software development for U.S. and international Tier 1 and 2 retailers emphasizing configuration and customization of store systems (Point-of-Service, Back Office, and Inventory) and integration with corporate central office and merchandising systems.

Mr. Vinsant's experience likewise includes managing the team in charge of designing online interfaces, developing systems using the relational database proposed, developing system to system interfaces, and developing secure internet applications, as well as managing project training resources that develop course outlines or materials and conduct classes. He has proven and recognized customer relationship skills with ability to assess business case and statement of work, project planning, requirements elicitation, and developing and communicating effective solutions. In Table VII-22 we provide our responses to the RFP requirements for Mr. Vinsant.

Table VII-22. WIC EBT Project Manager Jeff Vinsant

Requirement	Qualifications
A minimum of four years of project management experience, within the last 10 years, in government or the private sector	*Mr. Vinsant exceeds this requirement, as he has over eight years of project management experience.*
A minimum of three years of experience, within the last 10 years, managing systems architecture and development projects	*Mr. Vinsant has over eight years of experience managing systems architecture and development projects. Mr. Vinsant has supported a number of programs that include: California EBT, Virginia WIC, Oklahoma WIC, New Jersey EBT/eCC, Indiana eCC, North Carolina eCC, Louisiana eCC, Virginia eCC, Ohio eCC, and Ohio SDU.*

Requirement	Qualifications
A minimum of two years of experience with systems analysis and design	***Mr. Vinsant has served as lead business analyst on a number of our programs and brings over 16 years of experience with systems analysis and design.***
A minimum of two years of experience with systems development and implementation	***Through his over eight years of experience with Conduent, Mr. Vinsant has obtained experience with systems development and implementation.***
Completed at least one project within the past three years that involved designing business processes and procedures and developing new systems to support the new business processes	***Mr. Vinsant completed the Indiana eCC 2.0 project in January 2016, which implemented a new system foundation and several key pieces of new functionality to transform a cumbersome paper manual late claim process into a streamlined automated late claim process.***
Completed at least one project within the past three years that involved communication and coordination of activities with external stakeholders	***Mr. Vinsant completed the Indiana eCC 2.0 project in January 2016, which involved extensive communication and coordination of activities between various stakeholders including: State, retailers, technical staff, operations staff, and outside professional associations.***

5.4.2 Technical Lead Qualifications

The technical lead assigned by the awarded vendor shall have:

5.4.2.1 A minimum of four (4) years of experience in systems development, design and programming of automated systems;

5.4.2.2 A minimum of four (4) years of experience developing systems using a relational database;

5.4.2.3 A minimum of two (2) years of experience developing Internet applications;

5.4.2.4 A minimum of two (2) years of experience managing systems architecture and systems development projects; and

5.4.2.5 Completed at least (1) project within the past three (3) years that involved conducting a pilot implementation and determining the readiness of the system production.

Our program organization is designed to include two technical leads so your EBT Programs can have the attention they need and deserve. In the following section, we provide biographies for our proposed technical leads and showcase how they each meet the requested qualification requirements.

SNAP/TANF Technical Lead, Kamalabaskaran (Kamal) Subramanian

Kamal Subramanian brings 24 years of technical experience. He is a senior solutions architect adept at designing and implementing effective technical business solutions. In his current role with Conduent, he oversees and supports implementation projects from inspection to go-live, provides secure, efficient, and cost effective technical solutions, oversees implementation of the architecture to ensure customer needs are met in a timely manner and are consistent with the specified budget, and works with other architects to create target and reference architectures, technical roadmaps, and standards. He also directs the development and implementation of comprehensive strategies to meet customer needs and analyzes customer requirements and standards to develop and implement high level, customer-focused solutions.

Previous work experience includes working for Texas Guaranteed as a senior solutions architect, solutions architect, project technical lead, and senior software developer. Previously, Mr. Subramanian worked for Commerce One as a lead developer and web applications engineer. He also worked for various other companies performing as a Java developer and software engineer.

Mr. Subramanian brings two years of experience analyzing and modeling business processes for several of our programs and designing online interfaces using the tools proposed for this project. He has extensive experience with Oracle and DB2 relational databases and two years of experience developing user manuals and demos to support the implementation of new business processes and systems. Furthermore, he brings over three years of experience developing system to system interfaces and secure internet applications using OWASP best practices.

His advanced levels of technical knowledge combined with sound business vision and project management skills give him the necessary expertise to support your EBT Programs. Table VII-23 provides our responses to the RFP requirements for Mr. Subramanian.

Table VII-23. SNAP/TANF Technical Lead Kamalabaskaran Subramanian

Requirement	Qualifications
A minimum of four years of experience in systems development, design and programming of automated systems	Mr. Subramanian has 24 years of experience in systems development, design, and programming of automated systems.
A minimum of four years of experience developing systems using a relational database	Mr. Subramanian has more than 20 years of experience working with various relational databases such as Oracle, DB2, and SQL Server.
A minimum of two years of experience developing Internet applications	Mr. Subramanian has more than 15 years of experience developing internet applications.
A minimum of two years of experience managing systems architecture and systems development projects	Mr. Subramanian has 15 years of experience managing systems architecture and development projects.
Completed at least project within the past three years that involved conducting a pilot implementation and determining the readiness of the system production	Mr. Subramanian has supported a number of our programs. Most recently he supported the LA eCC program which involved conducting a pilot implementation and determining the readiness of the system production.

WIC EBT Technical Lead, Veerendar Megharaj

Veerendar Megharaj is a master in computer applications with 18 years of IT experience, including experience in systems development, design, and programming of automated systems using various Java technologies. His experience includes designing and developing various multi-tier applications using complete stack of Java technology and designing various applications applying Object Oriented Analysis and Design (OOAD) concepts.

As senior solution architect for Conduent, Mr. Megharaj supports a wide variety of functions, including but not limited to: providing technology architectural guidance to the development teams, providing technical solution guidance to both internal and vendor implementation teams, coordinating communications between various internal and external resources, and supporting product evaluations and documentation of evaluation findings. He also provides technical leadership to our programs by participating in system/performance/security requirements, architectural decisions, design, development, testing, system configuration, and implementation.

Within the past five years, Mr. Megharaj has analyzed and modeled various business processes required to support government benefits disbursement and has designed SOAP and REST based web services for IVR and mobile app interfaces for EBT, EPC, and eCC systems. He has also designed and developed EPC and eCC applications using Oracle as a relational database and has designed various system to system interfaces for EBT, EPC, and eCC applications. Furthermore, he has designed and developed secure web portals and mobile apps using EPPIC Security, Spring Security, SSL/TLS, Mutual Authentication, and various Hashing/Encryption algorithms. Previous work experience includes working for United Services Automobile Association (USAA) as a lead researcher and Java technical lead.

Mr. Megharaj's technical background and professional experience give him the necessary expertise to support your EBT Programs. Table VII-24 provides our responses to the RFP requirements for Mr. Megharaj.

Table VII-24. WIC EBT Technical Lead Veerendar Megharaj

Requirement	Qualifications
A minimum of four years of experience in systems development, design and programming of automated systems	***Mr. Megharaj has 12 years of experience in systems development, design, and programming of automated systems using various Java technologies. He designed and developed various desktop and web-based applications for multiple industries, including: financial, insurance, banking, government, and retail.***
A minimum of four years of experience developing systems using a relational database	***Mr. Megharaj has 12 years of experience developing systems using Oracle, MySQL, Sybase, and DB2 relational databases.***
A minimum of two years of experience developing Internet applications	***Mr. Megharaj has 12 years of experience developing internet and intranet based web applications using various technologies, including: Java, Spring, Struts, Hibernate, HTML, CSS, JavaScript, and Oracle.***
A minimum of two years of experience managing systems architecture and systems development projects	***Mr. Megharaj brings over six years of experience managing systems architecture of EBT, WIC, EPC, and eCC applications. He helps implementing systems architecture to various states by providing his support defining functional, technical/non-functional requirements, system architecture, design, and configuration.***
Completed at least project within the past three years that involved conducting a pilot implementation and determining the readiness of the system production	***Mr. Megharaj worked on a multi-tenant implementation of EPC application called Way2GO. It was piloted with a sub set of one of our state customers' beneficiaries. It identified shortcomings and required enhancements, and it was implemented and rolled out to entire state customer. The application kept growing with its features and serving multiple state clients.***

5.4.3 Implementation Lead Qualifications

The implementation lead assigned by the awarded vendor shall have:

5.4.3.1 A minimum of three (3) years of experience managing the implementation of new business processes and procedures and new automated systems to support the new business processes;

5.4.3.2 A minimum of two (2) years of experience managing the implementation of Internet applications;

5.4.3.3 Completed at least one (1) project within the past three (3) years that involved the procurement, receipt and make ready of computer equipment and software; and

5.4.3.4 Completed at least one (1) project within the past three (3) years that involved a phased implementation where systems activities were coordinated between the old and new system environments.

We offer DHHS over two decades of EBT implementation experience, with more than a decade of WIC EBT-specific implementation experience—beginning with the nation's first statewide online WIC EBT solution. Our established implementation procedures are based on our experience, with the benefit of lessons learned and real-world experience. We designed our program organization to include two implementation leads so your EBT Programs can have the attention they need and deserve. Our proposed implementation leads offer extensive, hands-on experience with EBT and WIC services and knowledge through their ongoing experience.

In the following section, we provide biographies for our proposed implementation leads and showcase how they each meet the requested qualification requirements.

SNAP/TANF Implementation Lead, Bernhard Odom

Bernhard Odom is a PMP-certified Certified Public Accountant (CPA) who brings recognized success implementing software using Waterfall and Agile methodologies, as well as an understanding of technology and the importance of quality. He is a software development IT professional experienced in project management, test management, business analysis, systems analysis, and programming. His transition and implementation experience dates back to 2003 when he worked for the United Services Automobile Association (USAA) coordinating design, implementation, and requirements definition tasks. Previous professional experience includes working for USAA as a project and test manager, business analyst, senior software and systems engineer, and as a programmer analyst. He is skilled in SDLC, Waterfall, Agile, programming, scripting, HTML, data acquisition, HP Quick Test, HP LoadRunner, HP ALM Quality Center, UIs/GUIs validate, SharePoint, JIRA, Camtasia – video, SQL/DB2, C+, COBOL, and Microsoft Office.

His Conduent-based EBT experience spans seven EBT maintenance efforts for various states, including an upgrade we completed for Illinois, as well as working on our Utah EBT conversion in 2016. As project manager for software implementation, Mr. Odom was responsible for managing the platform implementation of the Conduent EBT Card Benefits solution for the State of Utah, including conversion of historical data from their previous service provider, JP Morgan. Mr. Odom coordinated with JP Morgan to confirm clear data mapping and file testing through mock-run conversions to prepare for conversion day; he coordinated user acceptance activities with all vendors, the customer program manager, and the State of Utah; coordinated all network and infrastructure activities; and supervised the team in charge of creating training materials and the team responsible for conducting trainings related to the implementation of new business processes and systems.

Mr. Odom's expertise also includes analyzing and modeling business processes for several of our programs and helping design online interfaces, including leading the development of the Conduent EBT mobile application. He brings over three years of experience developing systems using relational database such as Oracle and DB2 and over two years of experience developing system to system interfaces. He helps develop secure internet applications for our EBT programs and for over 10 years he helped develop secure internet applications for the usaa.com website. Mr. Odom's expertise likewise includes communicating with our customers and other stakeholders on program progress and status.

He offers DHHS comprehensive knowledge of software development, implementation activities, and industry experience. Table VII-25 provides our responses to the RFP requirements for Mr. Odom.

Table VII-25. SNAP/TANF Implementation Lead Bernhard Odom

Requirement	Qualifications
A minimum of three years of experience managing the implementation of new business processes and procedures and new automated systems to support the new business processes	*Mr. Odom brings 14 years of implementation and transition experience, including experience with the implementation of new business processes and procedures and new automated systems to support new business processes.*
A minimum of two years of experience managing the implementation of Internet applications	*Mr. Odom brings over eight years of experience managing the implementation of internet applications.*
Completed at least one project within the past three years that involved the procurement, receipt and make ready of computer equipment and software	*For our Utah EBT program, Mr. Odom was involved in the procurement, receipt, and make ready of computer equipment and software.*
Completed at least one project within the past three years that involved a phased implementation where systems activities were coordinated between the old and new system environments	*As project manager, software implementation, Mr. Odom has supported multiple implementations, including the Utah EBT conversion. In this project, he supported a phased implementation where systems activities were coordinated between the old and new system environments.*

WIC EBT Implementation Lead, Tina Wong

Tina Wong brings over five years of project management experience, with more than one year of concentrated WIC, EBT, and eCC experience. She has successfully implemented medium to large WIC, EBT, and eCC programs for multiple states concurrently, on time, and within budget. Her skills include project management, issue resolution, process improvement, contract management, revenue and resource forecasting, customer relations, risk management, budgeting and margin control, and vendor management. She is proficient in Microsoft Office Suite, Project, Visio, as well as CRM and SAP. Furthermore, she is a professional Scrum Master I.

In her current role as implementation manager, Ms. Wong directs multiple technical project teams from inception of project charter through all stages of systems engineering life cycle for successful implementation of WIC, EBT, and eCC programs. She creates and implements project plans and objectives, ensures on time achievement of project milestones and deliverables, recommends and implements changes based upon performance and metrics, and proactively identifies and manages potential project risks/threats. She also develops and pursues mitigation strategies, as warranted, and communicates to management in a timely manner.

Furthermore, Ms. Wong has been involved with analyzing and modeling business processes for our EBT, WIC EBT, and eCC programs. She also manages the team in charge of designing online interfaces, developing systems using the relational database proposed, developing system to system interfaces, and developing secure internet applications. Previous experience includes developing course materials and training new staff members on new business processes.

She offers DHHS detailed knowledge of the implementation activities associated with her role. Table VII-26 provides our responses to the RFP requirements for Ms. Wong.

Table VII-26. WIC EBT Implementation Lead Tina Wong

Requirement	Qualifications
A minimum of three years of experience managing the implementation of new business processes and procedures and new automated systems to support the new business processes	***Ms. Wong brings over three years of experience managing the implementation of new business processes and procedures and new automated systems to support new business processes. As implementation manager for Conduent, she directs multiple technical project teams for successful implementation of our EBT, WIC, and eCC programs. While working as a Project Manager Consultant, Ms. Wong managed the implementation of new business processes and procedures for various projects.***
A minimum of two years of experience managing the implementation of Internet applications	***Ms. Wong brings over two years of experience managing the implementation of internet applications. As implementation manager for Conduent, she directs multiple technical project teams for successful implementation of our EBT, WIC, and eCC programs that include the implementation of internet applications.***
Completed at least one project within the past three years that involved the procurement, receipt and make ready of computer equipment and software	***Ms. Wong has supported several of our conversions but specifically we highlight her participation in the EBT Massachusetts FINI Program, which involved the procurement, receipt and make ready of computer equipment and software.***
Completed at least one project within the past three years that involved a phased implementation where systems activities were coordinated between the old and new system environments	***Ms. Wong has supported several of our conversions but specifically we highlight her participation in the Virginia EPC GO conversion, which included a conversion from a legacy system to a new system environment.***

5.4.4 Individual Team Member Qualifications

Each member of the awarded vendor's project team shall meet at least one (1) of the qualifications below. In addition, the aggregation of the individual qualifications of the team members shall cumulatively meet all of the following requirements. These requirements are:

5.4.4.1 Two (2) years of experience within the last five (5) years analyzing and modeling business processes;

5.4.4.2 Two (2) years of experience within the last five (5) years designing online interfaces using the tools proposed for this project;

5.4.4.3 Three (3) years of experience within the last five (5) years developing systems using the relational database proposed for this project;

5.4.4.4 Three (3) years of experience within the last five (5) years developing system to system interfaces;

5.4.4.5 Three (3) years of experience within the last five years developing secure Internet applications using the tools proposed for this project; and

5.4.4.6 Completed at least one (1) project within the past three (3) years that involved development of course outlines and materials and organizing and conducting classes to support the implementation of new business processes and systems.

In addition to our key staff, we offer a talented team of additional resources (support personnel) who bring outstanding records in the WIC EBT, EBT, and human services industry, as well as direct and applicable experience to the services requested in the RFP. With these innate abilities and under the capable direction of our project managers, our support personnel are fully prepared to provide high quality services to Nevada.

Having the right people in the right job, as well as an adequate number of program staff with the necessary skills at all times, goes a long way to ensure the success of your three EBT Programs. It is important to note that a number of our proposed program staff are assigned across our programs for consistency, and to apply lessons learned and bring best ideas forward as we transition and/or implement programs. Because we have successfully transitioned and implemented multiple EBT and WIC EBT programs across the nation, we can apply our real-world experience to these scheduled transitions and implementations, using repeatable processes and applying lessons learned to condense planning time and to ensure success.

We are confident that our proposed personnel meet, if not exceed, the requirements listed under the individual team member qualifications. We describe the additional resources assigned to your EBT Programs in the following section.

Additional Resources Program Specific

SNAP/TANF Training and Communications Manager, Bernhard Odom

In addition to serving as SNAP/TANF Implementation Lead, Mr. Odom will fill the role of SNAP/TANF Training and Communications Manager. Please find information regarding for Mr. Odom's professional experience within our response to RFP Section 5.4.3, Implementation Lead Qualifications.

WIC EBT Training and Communications Manager, Boyd Neal

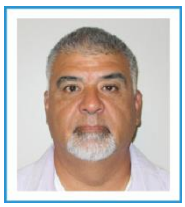
Boyd Neal has extensive experience with project management functions such as managing rollouts, system certifications, and UAT. He offers seven years of experience implementing and operating WIC EBT programs and over four years of WIC EBT project management experience, as well as over 10 years of training experience, including more than four years of experience training WIC EBT program stakeholders, including local agency staff, state agency staff, retailer vendor staff, and cardholders.

Mr. Neal brings three years' experience designing WIC EBT MIS interfaces, developing systems using relational databases and developing system to system interfaces, as well as three years of experience developing secure internet applications. He also has over three years of experience designing online interfaces and experience analyzing and modeling business processes for various programs.

His current role at Conduent involves responsibility for both project management and training for multiple WIC EBT contracts, including developing training materials, and managing and providing training for the Conduent Indiana and Oklahoma WIC EBT programs. In this role, he provides guidance and training to state personnel on EBT MIS system infrastructure and architecture. He also provides state agency WIC EBT program implementation, training, and management, and he oversaw the conversion of more than $112 million in paper WIC benefits to our system for more than 150,000 Indiana WIC EBT cardholders.

Prior to this experience, Mr. Neal successfully coordinated a $12.6 million WIC EBT program for the Commonwealth of Virginia that included concurrent enablement of WIC EBT redemption processing at more than 800 retail stores, while simultaneously coordinating Crossroads MIS deployment to 35 Commonwealth health districts. He also served as the lead subject matter expert (SME) for all Virginia WIC EBT-related training and training materials. Mr. Neal won the 2014 VDH Commissioner's Award Winner for Service on the Crossroads Training Team.

SNAP/TANF Director of Fraud, Ruben Aceves



Ruben Aceves has more than 25 years of experience in electronic payment risk management, fraud monitoring, fraud prevention, fraud investigations, and dispute resolution. He is experienced in public sector electronic payment program operations, fraud concerns in public payment and benefit programs, and in bank and vendor operations and fraud management. He has experience working with public agencies, card associations, and financial institution audits. He has managed and planned successful conversions of merchant portfolios to different platforms, and provided fraud training to increase awareness of fraud issues. Mr. Aceves is a skilled managerial and technical resource with proven expertise in risk management and fraud issues and serves as the fraud and disputes processing subject matter expert in our payment services programs.

As Director of Fraud Operations, he oversees a group of managers, supervisors, and analysts who are responsible for the day-to-day operations of fraud prevention, fraud investigations, negative account recovery (redline), disputes administration, and billing disputes for our electronic payment cards programs. He helps develop training materials for fraud investigations and chargebacks, which are used in all our programs and supervises the team that conducts trainings related to new business processes. Mr. Aceves has also analyzed and modeled business processes for our various programs and throughout his past experience.

Mr. Aceves is a member of various associations, including: the International Association of Financial Crimes Investigators (IAFCA); Northeast Regional Director of MAC (Merchant Acquirers Committee); Consultant to Risk Management System Users Group (RMS, Los Angeles, CA); Federal Credit Card Task Force Investigations, US Secret Service, Washington D.C.; Electronic Crimes Federal Task Force, FBI, Washington D.C. Lone Star Financial Task Force, Austin, TX; Member of the Electronic Transaction Association (ETA); Original member Merchant Acquire Committee (MAC); Original member and Director of Northeast Merchant Acquire Committee; and Wicklander – Zulawski Interviewing and Interrogation Certified and Trained.

WIC EBT Quality Assurance Manager/Test Manager, Sriram Krishnamurthy

Sriram Krishnamurthy is an experienced technical professional with 13 years of experience implementing quality assurance (QA) methodologies involving testing and performing defect reporting and tracking through the entire software development life cycle and eight years of concentrated experience managing QA teams for large-scale implementations, including supporting WIC EBT and EBT programs. In his current role at Conduent, he leads the planning, test execution, and day-to-day activities of the card services SQA team, which supports our WIC EBT, EBT, EPC , and child support contracts, including our EBT programs in Indiana, Oklahoma, Maryland, and Massachusetts, as well as the EPC program with the U.S. Department of the Treasury.

Previously, Mr. Krishnamurthy worked for Cambridge Solutions as an assistant consultant, where he was involved in system testing, designed test condition and test cases, identified test requirements based on customer application requirements, prepared and reported defect reports, performed simulation of virtual users for load testing, executed test cases to validate functions and bug tracking, developed performance test strategy and ran performance testing using rational suite, and prepared the traceability matrix.

Mr. Krishnamurthy's experience includes analyzing and modeling business processes, contributing to the design process of online interfaces on our various programs providing suggestions on the user interface, and overseeing the delivery of both the development and quality assurance teams. He also oversees the test teams in charge of developing and conducting training during UAT for our various programs.

Additional Resources Across All Programs

Vendor/Retail Manager, Valarie Simms

Valarie Simms brings over 10 years of EBT and WIC EBT-specific retail and vendor management experience, including overall account and project management experience working on statewide electronic benefit and payment system programs. She has both state-level and regional retail management experience, including vendor management and POS equipment upgrades and conversions. In her present role as retail operations manager, Ms. Simms is responsible for retail management for all EBT, WIC EBT, and eCC programs. In this role, she coordinates retail activities with internal and external stakeholders, monitors and maintains customer relations, while ensuring compliance with state, federal, and company legal contracts at all levels of process, and is responsible for managing our deployment vendor. She is also involved in monitoring and analyzing business processes for our retail operations.

Previously, Ms. Simms worked as vice president/retail manager for JP Morgan Chase, where she served as a regional retail manager overseeing multi-faceted contracts with state and federal government programs and merchants, including FNS programs such as WIC and SNAP. Other accomplishments in this role include successfully implementing the Nevada and Chickasaw Nation WIC EBT programs, as well as converting numerous state EBT retailers to JPMorgan Chase operation with no issues. Her past experience also includes developing training materials and conducting trainings for various EBT and WIC projects to train end-users on how to use POS devices and support the implementation of new business processes and systems.

Ms. Simms offers DHHS thorough knowledge of the national retailer communities. As a regular contributor to our EBT retail training strategy, Ms. Simms works closely with our training staff in the development of vendor user manuals, training/instructional videos, and quick reference guides. She ensures all vendors/retailers receive personal, professional, and knowledgeable support and training.

Customer Service Manager, Myra Reyes

Myra Reyes is a seasoned professional with practical experience in a diverse range of business management applications. She has more than nine years of experience in telecommunications, help desk management, and program implementation and support, as well as over nine years of experience in the electronic payment services industry where she has worked directly with retailers, providers, vendors, county offices, and project managers to resolve disputes, troubleshoot, and assist in programing point of sale devices. She is proficient in new program scripting and standard operating procedure manuals and has a demonstrated ability to select, train, and retain self-motivated, customer oriented employees.

As a manager for our retailer help desk, Ms. Reyes implements all the new EBT and eCC programs. She has significant experience managing Level I and II help desk support services focused on one-call resolution and quality, to include extensive trouble-shooting and first call resolution. Her expertise also includes providing direction to retail and child care help desk team members, as well as overall support for states with retailer and child care technical issues.

Ms. Reyes has over two years of experience analyzing and modeling business processes for our EBT, WIC EBT, and eCC programs. She brings experience helping design programs in SIEBEL by preparing the framework for the BRD to make sure all the requirements are met, as well as helping design a mobile application for our various programs. She develops training material for our various call centers and provides retail training on new business processes and systems.

Director of Card Operations, Heather Gagliano

Heather Gagliano has more than nine years of management experience in the public and private sectors of electronic payment card program operations, including the business oversight for EBT, WIC, eCC, EPC, federal, and commercial card programs. She also has over nine years of experience developing cardholder and retailer training materials to support new business processes and systems. Ms. Gagliano understands cardholder needs and is able to anticipate their questions translating them into clear concise messaging in the collaterals that accompany the cards.

Ms. Gagliano's experience includes card fulfillment as well as materials and vendor management in the electronic payment industry. She provides daily operational support to internal and external program stakeholders and is responsible for managing, monitoring, and reporting on required service level agreements and program performance standards. She has experience in leading the planning and implementation of business resiliency and disaster recovery with third party vendors and provider management. Her knowledge contributes to program assessment and technical requirements analysis while maintaining current on regulatory, compliance, and best practices in the industry.

In her current role, Ms. Gagliano manages the teams responsible for our prepaid cards, fulfillment, mail, and graphic design. She also monitors vendor relationships and manages third party suppliers. Furthermore, she drives all vendor project management initiatives in respect to new implementations, change requests, and troubleshooting for cardmailer file transmission, vendor connectivity, vendor performance, and service levels with respect to EPPIC and state requirements.

She has analyzed and modeled business processes for our payment programs driving on-boarding requirements for new customers in support of the EPPIC interface. Furthermore, while working for JP Morgan Chase, Ms. Gagliano was a subject matter expert supporting the Prepaid Card Product Team in web portal development of new customer and cardholder portal design. She contributed to the design process as an SME from the cardholder perspective in relation to card, materials, and inventory. Furthermore, she had oversight of all prepaid card programs supported by the company, including the State of Nevada (open and closed loop programs).

Dispute Resolution Manager, Marianne Callahan

With more than 25 years of management experience, Marianne Callahan currently oversees electronic child care agreements and POS deployments for nine eCC programs and supervises the team that handles EBT, WIC, and eCC disputes. She has over five years of overall account and project experience working on statewide electronic benefit and payment system programs and over five years of EBT-specific implementation/transition experience supporting retail statewide projects.

As a retail operations supervisor at Conduent, Ms. Callahan analyzes and models business processes for various of our payment services programs and oversees all day-to-day support for EBT, WIC, and eCC providers and retailers, including handling disputes, overseeing all contract/agreement entry for these programs, POS set-up, settlement and reconciliation activities, and help desk support. Other accomplishments include implementing process improvements for our ticketing system, allowing a more streamlined process with support tickets resulting in a 24-48-hour turnaround time. As a result of her leadership, we are able to close 98 percent of the 1,400 help desk tickets we average each month across all eCC programs within 24 hours.

Her expertise also includes creating the EBT dispute and statement request procedures and training her team on new business processes and systems that are used throughout all programs within EBT, WIC, and eCC. Finance experience includes handling deposits, balancing procedures, supporting audits, and working with management to resolve issues.

Finance Director, Joseph (Joe) Pietropaolo

Certified Public Accountant (CPA) Joe Pietropaolo is a skilled financial professional with broad experience and a proven ability to enhance organizational performance. He brings 22 years of project management and leadership experience establishing sound financial controls, organizing finances, instituting standard reports, and instilling accountability for EBT and EPC programs. Mr. Pietropaolo also brings 19 years of large-scale implementation experience and eight years of training development experience.

In his role with Conduent as Finance Director, Mr. Pietropaolo oversees settlement and reconciliation, manages operations and budget, maintains settlement/transaction history files, and provides reports according to agency specifications. He also helps design, analyze, and improve payment solutions relevant to the closed loop (EBT/WIC EBT/eCC) programs for the existing platform. As director, he supervises the team that helps create the settlement manual which goes out to our state customers. Mr. Pietropaolo combines financial and operational management expertise with strong interpersonal and communications skills.

Settlement and Reconciliation Manager, Kim Holland

Ms. Holland brings over 10 years' experience on large accounts' settlement, reconciliation, analysis, research, and related areas, including over five years of technical EBT and EPC settlement and reconciliation experience. She manages the settlement and reconciliation aspects of multiple Conduent EBT programs, which include managing the setup process for bank accounts, establishing the Line of Credit with FNS for SNAP, Automated Clearing House (ACH) pre noting or testing, and managing reject returns. She also oversees EBT, WIC EBT, and eCC settlement and reconciliation department, including the reconciliation of over 90 daily reconciliations and the processing of over 50 ACH files and settlements. She brings experience acting as a Banking/ACH subject matter expert (SME) for our card services and responding to and coordinating the settlement and reconciliation part of the annual SSAE-16 audit.

Ms. Holland also helps design, analyze, and improve payment solutions relevant to the closed loop (EBT/WIC EBT/eCC) programs for the existing platform and helps create the settlement manual which goes out to our state customers. She has vast experience in the creation and implementation of procedures, guidelines, policies, and online tools to enhance funds processing industry and services. She is proficient in all funds management back office operations functions including staff management.

Combined Individual Team Member Qualifications

In Table VII-27, we show how each proposed staff member meets at least one of the qualifications listed in RFP Section 5.4.4.1 through 5.4.4.6 by performing the services and/or managing a team that does the function(s) related to the RFP requirement. This table also shows how the aggregation of the individual qualifications of our team members cumulatively meet all of the inidividual requirements.

Table VII-27. Combined Individual Team Member Qualifications

Requirement	Staff Members														
	SNAP/TANF Project Manager Angie Hernandez	WIC EBT Project Manager Jeff Vinsant	SNAP/TANF Technical Lead Kamalabaskaran Subramanian	WIC EBT Technical Lead Veerendar Megharaj	SNAP/TANF Implementation Lead and SNAP/TANF Training and Communications Manager Bernhard Odom	WIC EBT Implementation Lead Tina Wong	WIC EBT Training and Communications Manager Boyd Neal	SNAP/TANF Director of Fraud Ruben Aceves	WIC EBT Quality Assurance Manager/Test Manager Sriram Krishnamurthy	Vendor/Retail Manager Valarie Simms	Customer Service Manager Myra Reyes	Director of Card Operations Heather Gagliano	Dispute Resolution Manager Marianne Callahan	Finance Director Joe Pietropaolo	Settlement and Reconciliation Kim Holland
Two years of experience within the last five years analyzing and modeling business processes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Two years of experience within the last five years designing online interfaces using the tools proposed for this project	✓	✓	✓	✓	✓	✓	✓				✓				
Three years of experience within the last five years developing systems using the relational database proposed for this project	✓	✓	✓	✓	✓	✓	✓								
Three years of experience within the last five years developing system to system interfaces	✓	✓	✓	✓	✓	✓	✓								
Three years of experience within the last five years developing secure Internet applications using the tools proposed for this project	✓	✓	✓	✓	✓	✓	✓								

Requirement	Staff Members														
	SNAP/TANF Project Manager Angie Hernandez	WIC EBT Project Manager Jeff Vinsant	SNAP/TANF Technical Lead Kamalabaskaran Subramanian	WIC EBT Technical Lead Veerendar Megharaj	SNAP/TANF Implementation Lead and SNAP/TANF Training and Communications Manager Bernhard Odom	WIC EBT Implementation Lead Tina Wong	WIC EBT Training and Communications Manager Boyd Neal	SNAP/TANF Director of Fraud Ruben Aceves	WIC EBT Quality Assurance Manager/Test Manager Sriram Krishnamurthy	Vendor/Retail Manager Valarie Simms	Customer Service Manager Myra Reyes	Director of Card Operations Heather Gagliano	Dispute Resolution Manager Marianne Callahan	Finance Director Joe Pietropaolo	Settlement and Reconciliation Kim Holland
Completed at least one project within the past three years that involved development of course outlines and materials and organizing and conducting classes to support the implementation of new business processes and systems	✓	✓					✓			✓	✓		✓		

Corporate Oversight

As previously noted, Ms. Hernandez is supported by Vice President, Program Management Todd Halter, who provides additional project management oversight as needed throughout the contract. Mr. Halter has over 25 years of EBT-specific implementation and/or transition experience as project manager on statewide programs, and more than 17 years of project management experience for statewide EBT programs in California, Illinois, Puerto Rico, South Carolina, and Virginia. He is a certified PMP and lives in Genoa, just outside of Carson City—offering a local contact to ensure face-to-face customer care.

Ms. Hernandez and our management team have additional support from our Corporate Oversight team, who provide oversight and executive direction. The Corporate Oversight team offers expertise in human services, financial services, government relations, and technical systems. These executives hold detailed regular status reviews on the program's progress with Ms. Hernandez and our other program personnel. The team's role is to make sure that the program continues to have the resources for successful implementation and operations. In response to regular reviews, the team ensures that the program stays on schedule, on budget, and meets your expectations.

Exhibit VII-11 briefly describes our Corporate Oversight team members.

Michael Langenohl *General Manager, Public Sector Payment Services*		Demonstrated leader with 25 years of experience in the payment industry; responsible, and ensures success, for all public sector and commercial prepaid business payment programs
Michael P. Cerone *Senior Vice President and Client Management Leader, Payment Card Services*		Professional with 24+ years of executive leadership experience; responsible for the management of all state government electronic payment services programs—over 150 programs in 35 states
Joe Froderman *Vice President, Card Services Operations*		Expert with 16 years of electronic payment services management experience, including developing and implementing the EPPIC EBT system; provides design and implementation oversight for state electronic payment services programs
Todd Halter *Vice President, Program Management Payment Card Services*		Project management professional with 24+ years of electronic payment services experience; oversees program management for 20+ electronic payment services programs from solution design to implementation, and throughout ongoing operations
Lisa Henley *Vice President, Card Programs*		Former Director of Electronic Payment Services with the Finance Division of the Oklahoma Department of Human Services (OK DHS); 30+ years of state government experience; manages business development for electronic payment services
Jerry Owens *Director, Business Development*		Certified Six Sigma Black Belt with seven years of experience leading multiple WIC EBT implementations; four years managing the WIC EBT implementation for the Chickasaw SPIRIT SAM system; provides WIC Connect expertise for electronic payment services
John Pfeuffer *Vice President, Business Development*		Chairman emeritus of the e-Government Payments Council and member of the United Council on Welfare Fraud and the American Public Human Services Association; 25+ years of EBT experience; provides client-facing expertise for our Connect solutions for EBT and WIC EBT programs
Melissa Mayhew *ITS Implementation and PMO Director*		Project management professional with 20+ years of management and consulting experience; 13+ years of experience with software services and new product development initiatives; responsible for managing strategic and tactical implementation activities for electronic payment services programs

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Exhibit VII-11. Corporate Oversight Team

This team provides additional and invaluable advisory support and leadership to our proposed project managers and your three EBT Programs.

5.5 VENDOR STAFF RESUMES

A resume shall be completed for each proposed individual on the State format provided in ***Attachment H, Proposed Staff Resume,*** including identification of key personnel per ***Section 13.3.19, Key Personnel*.**

Bringing Benefits and Meeting Objectives
• ***As evidenced by a review of the included resumes, our team is an experienced group of professionals with skill-sets covering every area needed to provide the State of Nevada the expertise required and deserved to successfully transition and maintain your project.***
• ***Your Nevada EBT Programs are in the capable hands of our proposed SNAP/TANF EBT Project Manager, Angie Hernandez, who has over 10 years of EBT project management experience and more than 16 years of experience in the health and human services industry.***
• ***Our proposed WIC EBT Project Manager, Jeff Vinsant, brings more than 23 years of experience in the IT and human services industry, including project management of the Michigan WIC and EBT projects and the Indiana eCC project.***

As required, we have completed resumes for each of our proposed personnel, including the key personnel identified per RFP Section 12.3.19, Key Personnel. Please find our proposed personnel completed forms in Section VIII, Attachment H – Proposed Staff Resume.

5.6 PRELIMINARY PROJECT PLAN

Bringing Benefits and Meeting Objectives

- ***The detailed Project Plan defines, measures, and tracks the progress of all tasks and resources throughout the life cycle of the project. This living document used by all stakeholders instills confidence that all project elements have been identified and are continuously monitored.***
- ***Consistent processes, defined roles and responsibilities, and continual collaboration and communication between Conduent and the State provide you the regular meetings and conversations necessary to determine that all activities, goals, and objectives are being met.***
- ***You deserve and will have a highly experienced and skilled team, both on and offsite, dedicated to your project. This team will provide the open and quality communication you deserve to be comfortable in knowing that all questions, details, or issues can and will be addressed quickly and transparently.***

We develop and maintain the Project Plan for your three EBT Programs to define, measure, and track the progress of all tasks and resources. Timeframes and dependencies established in the Project Plan allow State and Conduent personnel to understand not only the deadlines for their assigned tasks, but also how delays in the completion of their work can affect the ability of others to finish their assignments on time. In addition, the Project Plan allows us to quickly identify potential problem areas or "hot spots." By identifying the tasks that need to be accomplished, participants are able to plan their resource needs.

Our Project Plan is a living document used by all stakeholders to control the project throughout its life cycle. We recognize the critical nature of dependencies, dates, and review periods within the Project Plan, and we carefully break down the tasks, deliverables, and timeframes of each phase. We also collaborate closely with you to make certain we meet all of the needs for serial deliverable review periods. The Project Plan provides an overview of the life cycle of the project and enables staff to control the scope, manage resources, and effectively meet each requirement.

Success Story: At-A-Glance

Client: Indiana Department of Health

Focus: Effective Implementation of WIC EBT system

Our implementation team, led by Project Manager Boyd Neal converted more than $112 million in paper WIC benefits to our system for more than 150,000 WIC EBT participants. In partnership with the State, they have reported they are extremely satisfied with the Conduent team's performance.

Please see our response to RFP Section 5.1.10 for full details.

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We use Microsoft Project Professional to produce the Project Plan. A Gantt chart display option is always available to provide a visual graphic presentation of the entire project schedule. The Project Plan provides the following features:

- ***A detailed work breakdown structure, including phases, activities, tasks, subtasks, and key dates that include dates for deliverable submissions, reviews, and State approvals***
- ***Gantt chart format***
- ***Task durations***
- ***Identification of all milestones tied to project deliverables***
- ***Resources for each task and subtask***
- ***Start and end dates for each task (deliverable dates)***
- ***Task relationships and dependencies***
- ***Critical path delineated***

Additionally, it provides information related to key elements impacting project execution, including:

- ***Project kick off meeting***
- ***Technical briefing with State staff***
- ***Status meetings***
- ***Functional Requirements joint application design (JAD) sessions***
- ***Functional Requirements Deliverable (FRD)***
- ***Detailed System Design (DSD) JAD sessions***
- ***DSD deliverable***
- ***User manual or online help***
- ***Systems documentation, as required***
- ***Training plan including test scripts***
- ***User Acceptance Testing (UAT)***
- ***Production implementation***
- ***Warranty period***

An updated Project Plan will be created following contract award and will serve as the baseline project schedule upon which all subsequent work will depend. It will include each phase of the project, clearly identifying the resources necessary to meet project goals. Based on our experience completing other transitions from competitor systems to EPPIC, we know that changes to an approved Project Plan have the potential to introduce risk. We therefore dedicate a significant level of effort to collaborating closely with you early in the timeline so that all Project Plan elements are identified and carefully considered. If modifications to the project scope are needed, our teams will work together to execute the formal change management process, with additional review periods scheduled as necessary.

5.6.1 Vendors shall submit a preliminary project plan as part of the proposal, including, but not limited to:

5.6.1.1 Gantt charts that show all proposed project activities;

5.6.1.2 Planning methodologies;

5.6.1.3 Milestones;

5.6.1.4 Task conflicts and/or interdependencies;

5.6.1.5 Estimated time-frame for each task identified in Section 3.2 Technical Requirements, Section 3.3 Functional Requirements Section 4, Scope of Work; and

5.6.1.6 Overall estimated time-frame from project start to completion for both vendor and State activities, including strategies to avoid schedule slippage.

Our Preliminary Project Plan includes all of the required elements, as listed in Table VII-28, and presents an overview of the means in which the required activities will be accomplished effectively.

Table VII-28. Preliminary Project Plan Contents

RFP Requirement	Required Content	Conduent Compliance
5.6.1.1	Gantt charts that show all proposed project activities	✓
5.6.1.2	Planning methodologies	✓
5.6.1.3	Milestones	✓
5.6.1.4	Task conflicts and/or interdependencies	✓
5.6.1.5	Estimated time-frame for each task identified in RFP Section 3.2, Technical Requirements; RFP Section 3.3, Functional Requirements; RFP Section 4, Scope of Work	✓
5.6.1.6	Overall estimated timeframe from project start to completion for both Conduent and State activities, including strategies to avoid schedule slippage	✓

Schedule Rationale

We have submitted our Preliminary Project Plan with this proposal, in our response to Section IX, Preliminary Project Plan. As clarified in Question #6 of Amendment 2, this plan provides a conversion date of six months for all three of your EBT Programs from the anticipated contract start date of on or around June 1, 2018. Further, given the desire of the State to perform conversion activities during the holiday season we have provided a project start date immediately after Nevada State Board of Examiners (BOE) approval in April. This allows Conduent to begin working with the State approximately two months before the anticipated June start date to ensure sufficient time for such critical activities such as three mock data conversions and State User Acceptance Testing (UAT). We look forward to discussing these plans with you and will choose those that work best for you and the successful transition of the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project.

5.6.2 Vendors shall provide a written plan addressing the roles and responsibilities and method of communication between the contractor and any subcontractor(s).

At program initiation, we discuss the each Program's needs during the JAD sessions. From these sessions, we develop a plan for communication that also defines the roles and responsibilities along with the degree of coordination and communication between your team and ours. As one of their primary duties, Project Managers Angie Hernandez and Jeff Vinsant maintain regular communications with you, in the form of regular status meetings and status reports. We plan to have weekly status meetings during the Design, Development, and Implementation Phases, and either weekly or bi-weekly meetings during the Operations Phase, depending on your preference. We likewise plan to conduct weekly implementation meetings with you and FNS during the Implementation Phase to discuss all details preparing for the program's go-live date and Operations Phase.

As in our other EBT and WIC EBT programs, for Nevada, we will work closely with our DHHS counterparts throughout the contract term. We anticipate that your management team will review program activities at regular intervals with Ms. Hernandez and Mr. Vinsant; determine that all activities, goals, and objectives are being met; review and approve all deliverables in accordance with a schedule to be determined; and manage the review of deliverables by involved third parties, such as FNS, as required by EBT and WIC program guidelines.

Coordination of Subcontractor Activities

Subcontractor selection and management are important elements of project management. Open communication on a regular basis is necessary for program success and to confirm compliance with Conduent, DHHS, and industry performance requirements. As the prime contractor, we take responsibility for overall contract performance, including the efforts of our subcontractors.

Subcontractors have an important role in defining our success. Having worked with the subcontractors we have proposed on multiple EBT and WIC EBT programs, we are confident that their performance will lead to the overall success of operating your programs. We have established program-proven, positive working relationships and make sure all subcontractors are aware of applicable performance requirements with clear communication. Our subcontract management approach calls for systematic oversight of subcontractor performance and contribution to program goals. To be successful, your programs must be the result of a carefully coordinated effort in which all subcontractors and suppliers perform their tasks according to established schedules, requirements, and processes. Our extensive experience and history with our subcontractors have allowed us to develop a successful management and risk mitigation approach.

Subcontractor Communication

We structure our program organization to maximize effective communication between Conduent and our subcontractors. Therefore, there are clearly defined lines of authority for both technical and contractual direction. Subcontractors report directly to Angie Hernandez, who assures that each subcontractor is seamlessly integrated into your EBT Programs. We monitor subcontractors with regular meetings and conferences calls, as well as with regular reports of activity that include accomplishments, issues, and resources.

We will use both formal and informal mechanisms to assess subcontractor work status throughout the life of each of your three EBT Programs. While formal mechanisms are important, we also believe that the frequent conversations between Ms. Hernandez and our subcontractors lead to a complete understanding of their performance and status. These frequent conversations confirm as well that each subcontractor is aware of any issues concerning its program components and our expectations for issue resolution.

5.6.3 The preliminary project plan shall be incorporated into the contract.

We acknowledge this requirement and verify the Preliminary Project Plan will be incorporated into the contract.

5.6.4 The first project deliverable is the finalized detailed project plan that shall include fixed deliverable due dates for all subsequent project tasks as defined in ***Section 4, Scope of Work***. The contract shall be amended to include the State approved detailed project plan.

We acknowledge that the first project deliverable is the finalized detailed Project Plan, which includes fixed deliverable due dates for all subsequent project tasks as defined in RFP Section 4, Scope of Work. As noted, the contract will be amended to include the State-approved detailed Project Plan.

5.6.5 Vendors shall identify all potential risks associated with the project, their proposed plan to mitigate the potential risks and include recommended strategies for managing those risks.

A key element to identifying risk is to assess its impact on the project. The first step in assessing risk is to determine its validity. If the risk is deemed to be valid, then the risk is assessed in terms of how likely it is to occur; who needs to own it; determining probability; assessing the impact, both quantitatively and qualitatively, and identifying activities to mitigate risk with specific tracking and dates for mitigation.

Early identification, mitigation, and contingency efforts are used to eliminate, control, or resolve risks that are realized or may negatively impact anticipated outcomes. A contingency plan is an alternative course of action taken if the mitigation plan fails to adequately nullify the risk impact or if no feasible mitigation plan is identified. All risks increasing in probability of occurrence and associated mitigation effectiveness are reviewed weekly and included as a topic in project status meetings and reports to keep you fully apprised and involved of existing risks and mitigation status as well as any newly identified risks. The project team develops and implements a risk response strategy at the earliest point in the project, which focuses on eliminating the existing conditions or triggers that may transform the risk into an actual problem or lessen the impact associated with the

risk occurrence. Our plans for risk mitigation and contingency are captured and used to update the schedule for actions needed to mitigate the risk.

As shown in Table VII-29, we have identified the following initial risks in response to this RFP, as well as our proposed plan to mitigate and recommended strategies for managing these risks.

Table VII-29. Potential Risks

Risk	Mitigation/Risk Management Strategy
Resolution of Incumbent System Deficiencies ***Risk of having to do remedial work on the incumbent system in order to implement***	• ***Document, monitor, and track defects within the project scope within each testing phase*** • ***Use approved deliverables as the basis upon which defects are determined to be within or not within the scope of the project*** • ***Identify any existing solution gaps and coordinate with state agency and, where needed, eligibility contractor to implement***
Reliability of Incumbent Systems ***Risk of technical problems with the incumbent system***	• ***Work with DHHS Project Manager to revise WBS based on existing system issues*** • ***Maintain an open line of communication with DHHS Project Manager so development can continue with existing issues*** • ***Maintain the extra time allocated in the schedule for modifications to ensure that all aspects of the application are thoroughly tested***
Data and Information ***Risk that data received from external sources will not be accurate or complete***	• ***Coordinate closely with external sources and provide specific details for the data in the prescribed formats that are needed to meet requirements*** • ***Identify early-on where issues may arise and work with the external source to correct the date being sent*** • ***Use multiple data conversion test runs to confirm validity of data transferred***
Technology ***System requirements could result in the need for functionality that does not comply with existing technology standards***	• ***Coordinate with State and eligibility contractor to stay aligned with Nevada enterprise architecture*** • ***Make sure requirements remain consistent with Nevada mission, strategic goals, and objectives***
Security (Data) ***Risk of data being affected by security vulnerabilities***	• ***Perform ongoing security monitoring for potential threats*** • ***Review the Security Plan for compliance with security standards for existing controls*** • ***Put interagency agreements in place for external agency network connections*** • ***Put regular user awareness training in place*** • ***Review policies and guidelines for external access and work from home*** • ***Review the risk assessment plan and last vulnerability assessment for compliance with federal and State security guidelines*** • ***Perform regular security self-assessments to identify and mitigate vulnerabilities in a timely manner***
Availability of Key State Staff ***Risk of too few resources to support the project***	• ***Obtain commitment from the State early on*** • ***Clearly identify staff needs*** • ***Clearly identify staff alternates*** • ***Make clear assignments***

Risk	Mitigation/Risk Management Strategy
Schedule and Budget Overruns ***Risk of schedule not complying with the Project Plan and for the budget to require an unapproved increase***	• ***Obtain a clear definition of functional requirements for the system*** • ***Establish clear priorities*** • ***Track all change requests in an automated database for future reference and consideration*** • ***Provide careful and collaborative resource and time estimates*** • ***Maintain risk register and review in regular meetings to identify risks along with mitigating activities***
Changes in Federal or State Regulations and Policies	• ***Involve Conduent Child Welfare subject matter experts*** • ***Monitor federal legislative agendas and regulatory changes*** • ***Participate in State and federal meetings related to new initiatives*** • ***Discuss potential changes in federal or State policy regularly at project team meetings***
Organizational and Change Management ***Risk of user rejection because of new processes and system***	• ***Involve DHHS and users in business requirements and functional design to validate correctness and to foster ownership of changes*** • ***Involve DHHS and users in walkthroughs of functional design to communicate impact on the business processes*** • ***Develop training video for functional or business process training and make available to users before deployment*** • ***Publish release notes in advance, so users are aware of changes and have sufficient time to prepare for any change***

5.6.6 Vendors shall provide information on the staff that shall be located onsite in Carson City. If staff shall be located at remote locations, vendors shall include specific information on plans to accommodate the exchange of information and transfer of technical and procedural knowledge. The State encourages alternate methods of communication other than in person meetings, such as transmission of documents via email and teleconferencing, as appropriate.

While local, onsite staff are not always needed for project success, we know that our state customers deserve to have access to our team members, to facilitate communication and the exchange of important information. Over our years in the EBT industry, we have developed methods for ensuring we maintain open communication with our state customers throughout the project. When we plan for staffing, our plan includes the presence of staff onsite during critical project tasks, such as User Acceptance Testing. We also plan our proposed staff based on their ability to be easily accessible to the customer.

While Conduent staff work in locations across the U.S., when planning for staffing for Nevada, we drew on local resources as much as possible, to ensure that we can provide an onsite presence when necessary.

Our proposed EBT Project Manager, Angie Hernandez, is a resident of Sacramento, California, a short drive from Carson City; she will be easily available to the State. Vice President, Program Management Todd Halter, a resident of Nevada, provides overall support to our team as needed throughout the project and has more than 25 years of experience with EBT. Mr. Halter lives just outside Carson City, in Nevada's first settlement town, Genoa, providing a Nevada-based presence for our project management team. Mr. Halter is available as necessary for onsite meetings and will play an active role in the implementation of all three programs for Nevada. We plan to provide onsite personnel as necessary to complete all three EBT programs.

Remote Information Exchange/Knowledge Transfer

Our approach to remote communication sets us apart from other contractors because of our commitment to provide transparency to our customers regarding their programs. The ability to successfully implement, efficiently staff, and manage risk, all depends upon the quality of communication established among the contractor, subcontractors, state agency, and other stakeholders. This holds true regardless of the location of our staff (whether onsite or working from a remote location).

We are committed to providing you with a highly experienced and skilled team, which allows for a successful implementation and smooth program operation. We provide and maintain personnel both onsite and offsite during the Implementation Phase as necessary to assure the successful transition to, and operation of, your three EBT programs. We base our staffing plan on our previous experience with successful implementations, so critical staff are available to our state customers as needed. During the execution of complex activities on the critical path and as needed, the program timeline key staff members are onsite and on hand to confirm successful implementation of all RFP requirements.

Success Story: At-A-Glance

Client: Vermont Department of Health

Focus: Stepping in for a Vendor Who Pulled out of the Card Services Business

"Our timeline for joint implementation of a new management information system and full eWIC had little room for delays. Then our original partner backed out, leaving us in immediate need of someone with expertise and proven success with WIC EBT. Conduent came in quickly and helped us sort through a variety of challenges. They agreed to our established schedule and we were able to implement eWIC right on time."

– Donna Bister, WIC Program Director, Vermont Department of Health

Please see our response to RFP Section 5.1.10 for full details.

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Developing close working relationships allows us to quickly address any challenges that may come up during the Implementation Phase. This can be achieved through remote communication, which includes the use of collaborative technology, such as SharePoint, WebEx, and other software; emails; and regular telephone-based conference call meetings and status calls. Our project management team establishes the appropriate communication pathways and protocols that our overall team follows during the transition and beyond. To streamline the process and ensure that your staff does not receive conflicting information, Ms. Hernandez communicates directly with you on status and all critical issues.

Key components of our communication method include clearly identifying all stakeholders, anticipating their communication needs, and defining which communication tools we will employ for Nevada. Our Project Plan also includes specific communication-related activities during the Implementation Phase. For example, we have scheduled a kick-off meeting, project initiation meetings, the JAD sessions, status meetings, and other activities related to communicating with DHHS. We also list outgoing communications to other stakeholders, such as delivering information to new providers.

Coordination of Activities

Following the kick off meeting, at program initiation, Conduent and DHHS will discuss the program's needs during two separate project initiation meetings. Ms. Hernandez will schedule a meeting with your SNAP/TANF staff and Mr. Vinsant will schedule a meeting with your WIC staff. During these meetings, teams will review and discuss issues, concerns, program documents, and tasks relevant to the new EBT systems being implemented. These meetings are key opportunities to make decisions regarding Conduent deliverables, systems interfaces, project management and the project plan and schedule. From these meetings, we develop a plan for communication that also defines the degree of coordination and communication between your team and our management team, staff, and subcontractors. As a primary duty, Ms. Hernandez maintains regular communications with DHHS, in the form of regular conference calls, status meetings, and email communication, as well as, informal communication.

Our current plan includes weekly status meetings during the Design, Development, and Implementation Phases, as well as weekly implementation meetings with DHHS and FNS during the Implementation Phase to discuss all details preparing for the program's go-live date and Operations Phase. During the Operations Phase, we will work with you to determine if weekly or bi-weekly meetings are best.

5.7 PROJECT MANAGEMENT

Vendors shall describe the project management methodology and processes utilized for:

Bringing Benefits and Meeting Objectives
• ***Our use of project management methodology (PMM) based on industry standards, best practices, and proven, practical experience will deliver your project on time and to your specifications—assuring that the State and your cardholders enjoy and appreciate the features our solution offers exactly when and how you envision.***
• ***We provide project scope management making certain that all the work required – and only the work required – is delivered. While changes to the project scope on large, complex projects are inevitable, the Conduent team effectively manages the process that will lead to the successful completion of your deliverables.***
• ***Issues first appear as a question, problem, or condition and the best indicator of a successful company is its ability to listen. Our extensive experience and methodology involving the issue identification, evaluation, and resolution process has taught us this, and our vigilance will produce the results you require.***
• ***The management of cost, resources, communication, and risk are the most challenging for you and for us. We embrace Project Management Institute (PMI) standards and are continuously improving our process, tools, and operations in these areas to ensure that our performance provides you the best experience possible.***

A strong project management approach combined with responsive communication, collaborative planning, experienced staff, and dedication to customer service is the foundation for success for the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project. Through years of experience simultaneously implementing multiple EBT programs in different states, with a tested and proven project management methodology (PMM), we are the seasoned partner capable of making your three EBT Programs a success. A complex project that includes multiple benefit programs demands a contractor that has demonstrated large-scale project management capabilities. We provide you with the level of experience and expertise you deserve.

Our PMM combines Project Management Institute (PMI) standards, industry best practices, and rich experience unparalleled in the industry today that will be used for your three Nevada EBT Programs. The following proposal sections detail the reasons that we are the optimal choice for an ambitious undertaking and demonstrate our commitment to creating a solid partnership with DHHS in support of your programs. With our tried-and-true methodology and tools that we will use to fulfill our commitments to you, we stand ready to ensure that your requirements and deliverables are completed both on time and to the highest quality.

Approach to Project Management

Our PMM uses a combination of industry standard best practices; rich, practical experience; and proven project management tools to assure the programs' success. Our PMM has, at its core, the recognized knowledge areas of PMI's Project Management Body of Knowledge (PMBOK). With our PMM, we will deliver your programs' requirements on time, within budget, and with superior quality.

The Conduent PMM is consistent with the PMBOK program life cycle of initiating, planning, executing, controlling, and closing. Based on the best practices outlined in the PMBOK, our project management approach manages the entire spectrum of tasks for a large-scale transition program. By using processes defined in each

phase of the program, Project Manager Angie Hernandez is in control of, and able to respond to, all specific requirements from initiation through continuing operations.

The project management knowledge areas, as defined in the PMBOK, form the basis of our methodology, and we match the knowledge areas to the RFP requirements and our program work. During the Design Phase, all appropriate deliverables are assigned to one of the defined areas. The professional execution of our PMM provides consistency in performance across the life of the project and establishes the processes, plans, and tools to address each of the PMBOK knowledge areas. We focus on perfecting our successful processes, meticulous controls, and frequent communication with our customers. Our PMM promotes open and transparent management that enables you to control and manage your three EBT Programs effectively. Our repeatable process has proven its value in large-scale human services programs time and again.

We describe our PMM in more detail in the remainder of this proposal section. Please note that PMI has released the 6th edition of the PMBOK, and we have used their updated terminology as necessary.

5.7.1 Project integration to ensure that the various elements of the project are properly coordinated;

Following PMI principles, our approach views integration management as consisting of the activities involved in coordinating and integrating all the applicable processes and other project elements to complete the project successfully. Integrated management processes assure that all aspects of project oversight are consistent and connected. We use integration management to define the work to be included in the project, and how the project is executed, monitored, and controlled. This process also includes integrated change control to update the project management plan, so that all approved changes are included as deliverables. We integrate all elements of the project, including, but not limited to costs, change management, staffing, and contingency planning into a single project management strategy. Integration management also is concerned with maintaining quality processes on the project while ensuring consistency is applied across project phases and groups. To that end, we include workflow initiation and closure procedures to be executed with each workflow or phase of the project life cycle.

Activities include setting expectations, training staff, recognizing achievements and project milestones, collecting best practices and lessons learned, and assessing project health. Also included are reviews, which are a hallmark of integration management and critical facets of quality management. They seek to confirm that processes are accurately executed, feedback is elicited, and continuous improvement efforts are ongoing.

5.7.2 Project scope to ensure that the project includes all the work required and only the work required to complete the project successfully;

Scope management involves the upfront planning and definition of the work to be included in the project along with the decomposition of the work into manageable pieces, which collectively leads to completion of the required deliverables and the project objectives. It assures that the project includes all the work required (and only the work required) to complete the project successfully. This practice includes the scope verification process to ensure that the deliverables are formally accepted as meeting the established criteria. The scope control process documents and manages changes, along with the impact of these changes, in accordance with the integrated change management process.

Changes to the project scope are inevitable, especially on large, complex projects. Our application of scope management processes keeps the project scope well defined, integrates scope items with the project schedule, confirms all requirements are met, and that activities are executed as planned.

5.7.3 Time management to ensure timely completion of the project. Include defining activities, estimating activity duration, developing and controlling the project schedule;

Time management, or schedule management, involves the definition, sequencing, duration estimation, and resource estimation for required project activities, and it ensures the timely completion of the project. Our time/schedule management approach includes defining activities, estimating activity duration, and developing and controlling the Project Schedule.

As the project activities are fully defined, and dependencies are identified, the project schedule is developed and approved and a baseline for the project is created. After the baseline is established, it becomes a critical project asset for monitoring schedule performance, tracking deliverables, and managing resources, project risk, and overall project status. The key to time management is planning and a focus on key, time sensitive tasks to accomplish our goals. Resource allocations and deliverable completion timeframes are routinely monitored, evaluated, reported, and adjusted as necessary to optimize project performance.

5.7.4 Management of contractor and/or subcontractor issues and resolution process;

All projects encounter issues throughout their life cycle which can appear as a question, problem, or condition which inevitably requires a decision and resolution. Our PMM has processes in place to assist with the identification and resolution of contractor and/or subcontractor issues as they arise. All project team members are responsible for identifying project issues and are to forward information about those issues to their immediate supervisor/functional lead. When new issues are identified, it is the responsibility of all the functional leads to log the new issue, inform DHHS, and report the significant issues in their team status report every week. Issue identifications need to be clear and unambiguous and must identify those schedule activities affected.

We consider the following options for responding to an issue:

- ***Consider revising the effort estimate or other scheduling specifications as described in the projects' agreed-upon schedule management methodology***
- ***Consider changing project requirements as provided for in the projects' change management procedures***
- ***Consider adding or modifying project risks as described in the Risk Management Plan***

We jointly review identified issues during the regularly scheduled project management meetings and determine those that will be recorded and tracked. The issue status is initially set to "Open."

Issue Evaluation

The project management team, with key stakeholders, assesses the impact each issue will have on the project. Assessment analysis includes the following activities:

- ***Assessing the consequences of a delayed issue resolution on quality, project cost, technical success, and schedule***
- ***Assessing the impact of an outstanding issue on the overall project, not just the identified issue***
- ***Identifying potential risks associated with the issue***
- ***Determining a possible response to resolving an outstanding issue***

The critical nature of an issue is based on the Priority and Severity values. Priority addresses the level of attention to be given to the issue, relative to other issues. Severity addresses the consequences and impact on the project related to the issue. Each characteristic of the issue is rated as Low, Medium, or High. The project management team determines the Priority and Severity of each issue.

The project manager designates a project team member as the issue owner and updates the issue. The issue owner is the primary point of contact responsible for issue tracking and resolution, specifically reporting status and performing critical path analysis of the issues identified. This process includes tracking and any follow-on planning activities if necessary, as well as establishing and identifying milestones for escalation planning and determining when issue resolution is required based on the critical nature of the issue.

Issue Escalation

All issues need to be escalated in a timely manner, to have a timely resolution. Each project team member has the responsibility to escalate any identified issue immediately to his/her functional lead. A due date for issue resolution is assigned, and the issue is tracked accordingly.

Issues that age past the assigned due date by one day, or issues that have been identified as significant to the project (e.g., delaying of current workflow milestones or service levels agreements) are escalated in the weekly project management meeting. Urgent issues are escalated immediately.

Our project manager reviews all current details and prior attempts to resolve the issue/item. This review includes input from all relevant stakeholders, including the original owner and assigned owners. The escalation resolution must be formulated and resolved within an agreed-upon timeframe, with the "due date" updated to reflect this resolution date.

Issues that cannot be resolved within the team or issues that require DHHS attention (a project issue or any issues that impact other project teams) will be escalated by our project manager to the DHHS Project Manager.

Continuous Issue Response Monitoring and Control

The project team identifies and logs issues continuously for the life of the project. Continuous issue identification keeps the list of issues dynamic as the project changes and matures and provides constant vigilance to deal with issues as efficiently as possible.

We monitor internal activities with regular meetings and conferences calls, as well as with reports of activity that include accomplishments, issues, and resources. We also use both formal and informal mechanisms to assess both internal and subcontractor work throughout the life of the project. While formal mechanisms such as regular meetings with agendas and issues logs are important, the frequent conversations among our project team (core and support staff) lead to a complete understanding of their performance and status. These frequent conversations also ensure each project team member is aware of any issues concerning their project components and our expectations for issue resolution.

Issue Resolution

We perform the following tasks to resolve an issue:

1. ***Perform a quantitative estimate of variables of the issue (financial impact, schedule impact, etc.)***
2. ***Review the resolution strategies and results to date***
3. ***Create a Corrective Action Plan for resolution with a new due date assigned***
4. ***Notify the project team of Corrective Action Plan***
5. ***Track in the Corrective Action Plan until resolution***
6. ***Notify the project team of the issue's resolution***

5.7.5 Responding to and covering requested changes in the project time-frames;

The Conduent project manager's review and assess change requests submitted by DHHS. The following is a description of the three-stage DHHS-initiated change request process.

Stage 1

- ***The change request is developed and reviewed by DHHS, and the change request form is completed and emailed to Conduent for preliminary pricing. When the form is received, Conduent may request clarifications needed for completing the analysis and pricing. Conduent returns the change request form and the results of the analysis within an agreed upon time frame (typically 14 days).***
- ***Conduent reviews the change request description of the proposed modification, requirements, and proposed priority and identifies necessary changes, clarifications, and additions. Conduent makes needed changes to the change request using the "track changes" feature in Microsoft Word, and provides preliminary pricing, if applicable. Conduent returns the Stage 1 change request to DHHS through email. Stage 1 may be repeated if needed. Note: Conduent preliminary pricing consists of an artifact such as a spreadsheet or preliminary project plan containing high-level tasks with associated hours.***

Stage 2

- ***DHHS reviews Conduent-requested changes and accepts those DHHS agrees to, then returns by email the Stage 2 change request to Conduent for final pricing, if applicable. At this point, there may be new DHHS-generated changes showing in track changes for Conduent's review.***
- ***Conduent reviews any changes and adds final estimated pricing, if applicable. If Conduent has further changes, the change request is returned to DHHS through email and Stage 2 may be repeated.***

Stage 3

If DHHS chooses to approve the change formally, the Change Request Form will be signed and dated by the DHHS project director and forwarded to Conduent. We will not begin work on a State-initiated change request until written approval is received from you.

Once the change request is executed, we provide a final development and implementation schedule, and specific dates for development and implementation consistent with the schedule being proposed.

The work schedule and design documents allow Conduent and DHHS to classify changes in the following manner:

- ***Remedial.*** ***Those changes that are necessary to bring the system into compliance in the way it was designed and for which DHHS is not charged. Either DHHS or Conduent may identify the need for a remedial change and must provide each other immediate notification of such need for remedial changes.***
- ***Conforming.*** ***Those changes that are necessary to comply with changes in federal law or other regulatory requirements, such as EBT or WIC EBT operating rules or related changes initiated by DHHS and for which DHHS is not charged.***
- ***Enhancing.*** ***Those changes that provide new functionality, for which DHHS may be charged depending on circumstances.***
- ***Parameter or Reference Table Changes.*** ***A small change that requires less than five hours of work annually on Conduent's part unless the change is due to adding benefit programs where this additional service is required for Standard Services.***

Status updates on the progress of the change request are provided at recurring status meetings. Test scenarios and test results (if required) are provided to DHHS for approval.

Once all the work and deliverables identified in the change request are accepted by DHHS, you send a notice of acceptance to Conduent, which closes the change request. In addition, program documentation is updated as needed and delivered to you. Please see our response to RFP Section 5.11, Configuration Management, for more information about our change management processes.

5.7.6 Responding to State generated issues;

State-generated issues follow the process outlined in our response to RFP Section 5.7.4, Issues and Resolution Process. New issues identified by any DHHS team member can be reported to any member of the Conduent project team, or directly to Project Managers Angie Hernandez or Jeff Vinsant. As with internally identified issues, DHHS-generated issues are evaluated and assessed, and assigned Priority and Severity levels. A Conduent issue owner is assigned, and the owner is responsible for tracking the issue and updating the Conduent and DHHS teams on progress during regular status meetings.

5.7.7 Cost management to ensure that the project is completed within the approved budget. Include resource planning, cost estimating, cost budgeting and cost control;

Cost (financial) management is primarily concerned with the cost of resources including labor, materials, services, and consumables required for project activities. We use PMI's core processes to maintain the fiscal integrity of the project and ensure the project is completed within the approved budget. Cost management includes the following.

Resource Planning. Cost estimation begins upon completion of the project work breakdown structure (WBS). Resource skills are determined based on the needs of the project. The project uses and tailors the personnel resource information from the staff management planning for determining needed resource skills.

Cost Estimating. Hour estimates are created for each WBS item, and the necessary skill-sets and staff labor categories are identified for each WBS element. Approximate costs are estimated based on the anticipated classification of staff assigned to the work. Anticipated costs are allocated to each WBS item and totaled. Resource/labor costs are allocated by resource category and total. The estimates are then used to request funding or funding adjustments for the project. Risks associated with the cost estimates are documented and included in the risk management database.

Cost Budgeting and Control. Changes to the budget and spending plan may be required by the project to support a re-plan. The Project Managers work with you so that the State budget and the project management baseline estimates match. Corrective actions or change requests will follow the appropriate project change or budget change processes.

5.7.8 Resource management to ensure the most effective use of people involved in the project including subcontractors;

Our practice area of resource management is centered on the core processes of human resources planning, acquiring the project team, project team development, and management of the project team, with a focus on the most effective use of the people involved in the project, including our trusted subcontracting partners. The planning process includes determining the roles, responsibilities, reporting relationships, and other activities supporting the project organizational structure and a staff management plan necessary for project success. The process assures that the program team is prepared, assigned, and available to complete the work as specified in the project schedule. While often viewed as a process during the start-up of the project or phase, this is an ongoing and integral component of project success throughout the life of the contract.

5.7.9 Communications management to ensure effective information generation, documentation, storage, transmission and disposal of project information; and

Effective project and stakeholder communications are imperative to project success. Our communications management approach ensures the effective generation, documentation, storage, transmission and disposal of project information. Our practice of communications management includes the PMI knowledge areas of communications planning, information distribution, and performance reporting. We embrace PMI's view of communications planning, confirming that the majority of the planning process is completed in the earliest project phases, with regular reviews and ongoing updates conducted to validate continued appropriateness. This communications planning refinement results from the dynamic and fluid information requirements inherent with multiple organizations, numerous project participants, and the dynamic environment of large or complex projects.

5.7.10 Risk management to ensure that risks are identified, planned for, analyzed, communicated and acted upon effectively.

Our PMM applies rigorous processes and tools for risk management and issue identification, planning, analyzing, tracking, communication, resolution, and escalation that apply during every phase of implementation and operations. When an operational or technical issue affects the transition or operation of your EBT programs, we follow a formal process structured to resolve the issue as quickly as possible based on its severity, operational impact, and service level requirements.

Risk Management Approach and Planning

Our approach to risk management includes project commitments, project documentation, project environment, and risk categorization. When dealing with risks, we follow three main response strategies:

- ***Avoid.*** ***Risk avoidance involves changing the project plan to eliminate the risk or condition to protect the project objectives from the risk's impact (e.g., changing or reducing scope to avoid high-risk activities, adding resources or time, adopting a familiar approach instead of an innovative one, or avoiding an unfamiliar supplier).***
- ***Transfer.*** ***Risk transference involves shifting the impact of a risk event and the ownership of the risk response to a third party. Transferring the risk simply gives another party responsibility for its management; it does not eliminate it (e.g., using a reliable supplier). This strategy is common with a financial risk exposure and involves payment of a risk premium to the party assuming the risk.***
- ***Mitigate.*** ***Risk mitigation reduces the probability or impact of a potential risk to a more acceptable level. This includes reducing the consequences of the risk. Mitigation could involve adopting a less complicated process, conducting additional tests on the product, designing redundancy into a system, and designing a quality control or reconciliation procedure.***

Risk Identification

All team members and project stakeholders are involved in identifying risk. An output from risk planning is the risk register. Identified risks are logged into the register, which is used to log and track risks of all types, including technical, operational, scope, schedule, budget, staffing, or quality related risks.

Risk Analysis and Assessment

A key element to identifying risk is to assess its impact on the project. The first step in assessing risk is to analyze it to determine its validity. If the risk is deemed to be valid, then the risk is assessed in terms of how likely it is to occur; who needs to own it; determining probability; assessing the impact, both quantitatively and qualitatively, and identifying activities to mitigate risk with specific tracking and dates for mitigation.

Early identification, mitigation, and contingency efforts are used to eliminate, control, or resolve risks that are realized or may negatively impact anticipated outcomes. A contingency plan is an alternative course of action taken if the mitigation plan fails to nullify the risk impact adequately or if no feasible mitigation plan is identified. All risks increasing in the probability of occurrence and associated mitigation effectiveness are reviewed weekly, and included as a topic in project status meetings and reports to keep DHHS staff fully apprised and involved with respect to existing risks and status of mitigation, as well as any newly identified risks. The project team develops and implements a risk response strategy at the earliest point in the project, which focuses on eliminating the existing conditions or triggers that may transform the risk into an actual problem, or may lessen the impact associated with the risk occurrence.

Risk Management and Communication

Risks exist in any project when there is a possibility the project will not meet defined goals and objectives. Since risks potentially impact quality, cost, and schedule, Conduent uses an integrated approach to manage the risk effectively. This allows the potential impact of schedule, quality, and cost of each risk to be documented regarding the effect on the overall project completion and satisfaction of the requirements and service level agreements.

Effective risk management includes risk identification, risk assessment, risk response planning, and risk monitoring and control. Conduent provides a deliberate and proactive process for identifying potential risks and assessing the probability and potential consequences of identified risks. As warranted, Conduent follows a thorough risk response planning process that identifies mitigation strategies and the criteria for early detection of risk realization to assure rapid implementation of risk mitigation actions. Risk monitoring and control involve not only the tracking of previously identified risks, triggers, response plans, and risk mitigation actions, but also the determined adherence to continual new risk identification and review of changing risks.

The probability of occurrence, potential impact, and a risk response plan are recorded for each identified risk. The development and implementation of risk mitigation and contingency plans are monitored during project status meetings and reported to appropriate stakeholders.

Conduent establishes a structured, repeatable risk management process that results in early identification of potential risks and effective and prudent mitigation.

Risk management includes, but is not limited to, the following high-level activities:

- ***Plan risk management***
- ***Identify risk***
- ***Assess risk***
- ***Communicate risk***
- ***Plan and develop risk response strategies***
- ***Monitor and control risks***

Each phase of the risk management process is supported by activities that define the process.

Risk Identification and Tracking

Conduent will ensure that all team members and project stakeholders are involved in identifying and planning for risk. As mentioned, an output from risk planning is the risk register. Identified risks are logged into the register, which is used to log and track risks of all types, including technical, operational, scope, schedule, budget, staffing, or quality related risk.

The risk register also contains specific descriptors important to understanding the assessment of the identified risk. These descriptors include, at a high level:

- ***Title***
- ***Description***
- ***Severity***
- ***Probability***
- ***Impact***
- ***Mitigation plan***
- ***Status***
- ***Person assigned to***
- ***Expiration date***
- ***Date closed***
- ***Life cycle phase***
- ***Related actions or issues***
- ***Category***
  - ***Budget***
  - ***Operational***
  - ***Schedule***
  - ***Scope***
  - ***Staffing***
  - ***Technical***
  - ***Strategy***
- ***Contingency Plan***
- ***Risk action item***

Conduent will work with DHHS during project initiation to establish and customize the risk register to meet the project's business needs. The risk register is the key tool for tracking risks for the project. It is reviewed daily by the project managers and in the regularly scheduled internal and DHHS status meetings.

It is the intent of the project to respond to risks and potential risks as early as possible and at the lowest level in the project. Conduent practices open communication with DHHS on all risks and issues that affect the operational status of the EBT programs' applications. While risks are an inherent part of any project, working in partnership with DHHS, Conduent plans, manages, and mitigates risks so that the impact to the project is kept to a minimum or has no impact at all.

5.8 QUALITY ASSURANCE

Vendors shall describe the quality assurance methodology and processes utilized to ensure that the project shall satisfy State requirements as outlined in ***Section 4, Scope of Work*** of this RFP.

Bringing Benefits and Meeting Objectives

- ***The use of proven project management and quality assurance methods and tools (automated and manual) assist with early program recognition, identification and isolation, problem tracking and resolution, helping to identify clearly defined project outcomes.***
- ***We employ the PMI quality assurance approach meaning that all stakeholders are involved in the process and that quality reviews are conducted as appropriate, not just once. This provides a time-tested process to ensure the initial and ongoing quality of your project.***
- ***All deliverables are peer-reviewed by subject matter experts and revised accordingly prior to submission to the State. Project Manager Angie Hernandez, who has more than 10 years of project management experience will lead this team to make certain that quality assurance is a priority and your requirements are delivered.***

Within this section, we describe the quality assurance methodology and processes used to ensure the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project satisfies the State's requirements as defined in RFP Section 4, Scope of Work of this RFP.

The PMI defines quality management as a combination of quality planning, assurance, and control. Quality planning includes identifying the relevant quality processes, measurements, and performance standards. Quality Assurance (QA) is the systematic application of quality processes and activities to ensure project performance will meet requirements. QA also is the process area describing continuous process improvements, initiatives, and activities. Throughout the life cycle of the project, all Conduent team members are aware of and focused on the potential for producing high-quality work products.

Quality control focuses on specific project results to determine compliance with the quality standards and eliminate unsatisfactory deviations. This means quality control focuses on defect identification and correction of defect conditions on deliverables within the project. To achieve quality attributes, we execute our PMM on all deployment projects and perform quality reviews to verify proper execution. Along the same lines, not only is it important that we build technical solutions; it is critical to quality that we execute testing to verify and validate functionality.

Quality Assurance Approach

Our QA approach is based on the PMBOK Guide and integrates Capability Maturity Model Integration (CMMI) principles. Using this integrated management approach, we involve all stakeholders and identify, assess, respond, monitor, and control process and document quality.

After contract award, we assign a QA manager who is given primary responsibility for overseeing the planning, scheduling, executing, and reporting results of both the document and process quality reviews. The QA manager manages the scheduling, coordination, execution, and reporting of the quality activities and any quality resources assigned to the programs. The QA manager works with the project manager, implementation leads, and other team members to address identified deficits.

The QA manager works to define those processes to be reviewed in the upcoming calendar quarter. Each defined process will be identified for a process review on a regular basis, with most processes being reviewed multiple times per year since they are common to most or all projects.

Based on the project's RFP requirements or specific task order requirements, the implementation managers and project managers identify the specific project work products that will be submitted for customer review and approval. They are documented in as the deliverable acceptance criteria. The identified work products are the contract deliverables submitted to the QA manager for a formal QA document review. The project manager submits the documented deliverable acceptance criteria to the customer's project manager.

According to the PMM, for all deliverables to the customer, including specific contract deliverables, program team members are responsible for completing the checks on the QA Peer Review Checklist before submitting any document to the customer. All deliverables to the customer are peer-reviewed and revised accordingly prior to submitting any document to the customer. The document type dictates the candidates required to review the document. In addition to the review candidates identified in the deliverable acceptance criteria, the program may identify additional documents, processes, or procedures that should undergo formal QA review. All scheduled reviews receive priority, and any unscheduled reviews are completed as time and resources allow.

The scheduled reviews are included as tasks in the Preliminary Project Plan. The project managers ensure, by the end of the Design and Development Phases, that document review tasks are included in the Preliminary Project Plan for all program deliverable documents.

Quality reviews are conducted on each process, as appropriate. For example, initiation is performed only once, so a process review is conducted only once for this activity. On the other hand, a program needs to continuously follow and monitor risks. A process review for risk management may be conducted more than once for a program. Prior to the start of each calendar quarter, the assigned QA manager provides the project managers with the intended process quality review schedule for the upcoming calendar quarter. The project managers evaluate the intended process quality review schedule and work with the QA manager to make any changes to the schedule.

Deliverable Review

The QA document review schedule is based on the program's deliverable dates scheduled in the Preliminary Project Plan. For each identified deliverable, the project managers ensure the Preliminary Project Plan reflect a QA document review task for each deliverable. Each QA document review task indicates a certain number of days to complete the QA document review process; the number of days is dependent on the size of the deliverable.

All team members are responsible for a basic level of quality in all deliverables, as well as ensuring the content is correct. Based on the established QA document review schedule in the Preliminary Project Plan, the work-product owner informs the QA manager that the deliverable is ready for a QA document review. The QA manager completes the document review and informs the work product owner of the status.

The QA manager conducts the process quality review as specified jointly between Conduent and DHHS. The QA manager conducts the QA document review using the checklist tailored for the program documents deficits and observations and documents deficits and the corrective actions in the deliverable using track changes.

The QA manager returns the reviewed deliverable to the project managers. The project managers and the deliverable author follow the procedures outlined in this plan to analyze and address deficits. Outstanding reviews are monitored by the project managers and statuses of reviews are reported in the regular quality status report. The project managers and the program stakeholder with whom the process review is conducted are responsible for ensuring the corrective actions are implemented to address each process quality review deficit.

Corrective Action

The project managers and the program stakeholder review the suggested corrective actions for each identified process deficit and work with the QA manager to ensure a corrective action is established that will address the identified process deficits. The project managers inform the appropriate team members of the corrective actions; depending on the number of participants and time needed to execute the corrective actions, the project managers

determine if the recommended corrective actions should be placed on the Preliminary Project Plan. Progress made against any corrective actions placed on the project schedule is reported through the quality status report.

The project managers inform the QA manager of the status of all open deficits based on the corrective action closure due date as discussed with the QA manager. When the applicable corrective actions have been executed, the QA manager enters the deficit closure date in the deficits log. Typically, the resolution of the deficit is validated during the next process quality review. However, at the discretion of the project manager, the following corrective action may occur:

- ***The QA manager reviews the implementation of the corrective action to determine if the process quality review deficit is resolved.***
- ***If the process quality review deficit is not resolved, the QA manager works with the project manager to establish a new corrective action or update the existing corrective action with the new action.***
- ***If the process quality review deficit is resolved, the QA manager marks the process quality review deficit as resolved and informs the project manager and the project stakeholder.***

Once all process quality review deficits are resolved, the QA manager closes the review and informs the project managers. The QA manager then notifies the project team members that the quality review is completed.

5.9 METRICS MANAGEMENT

Vendors shall describe the metrics management methodology and processes utilized to satisfy State requirements as outlined in ***Section 4, Scope of Work*** of this RFP. The methodology shall include the metrics captured and how they are tracked and measured.

Bringing Benefits and Meeting Objectives
• ***A well-defined metrics management process is critical to ensure that project objectives are being met. Our detailed approach to this component delivers meaningful values to assist the State in making critical decisions.*** • ***We have identified standard metrics that are collected but will work closely with you to identify any specific metrics that are desired to fully meet your needs. These metrics will easily provide you the details needed to know if your team is adequately addressing project objectives.***

An effective metrics management methodology and process are critical to knowing whether our team is addressing the State's requirements as defined in RFP Section 4, Scope of Work of this RFP and project objectives adequately. We use performance metrics to provide visibility into the activities and accomplishments of our projects. Without metrics management, product status cannot be properly understood. Our metrics management process includes the definition of measurements that are meaningful to the project, the assignment of responsibility to one or more project staff to collect the measurements, the computation of meaningful values from the collected measurements (if necessary), the reporting of the meaningful values to appropriate project staff, and the interpretation of meaningful values to assist the project in making decisions. This also includes the metrics captured and how they are tracked and measured. We follow this exhaustive metrics specification process so that our team and your personnel will know the state or condition of a project objective.

Define Project Objectives. The first step in metrics management planning is to define the project objectives to be supported by metrics production. Considering your EBT Programs' objectives, we will determine the specific metrics that will be collected for each project, including the calculation methods and the required collection and reporting frequencies. The effort required to generate the defined metrics must be considered in this process—it is very easy to commit to collecting too many measurements for the project. For each project's standard metrics, we specify the following:

- ***The name of the metric***
- ***The project objective supported by the metric***

- *The data to be collected to compute the metric*
- *The calculation to be performed (if any) to compute the metric*
- *The frequency with which the metric is to be reported*
- *The team member, or role, responsible for collecting the metric*

Table VII-30 identifies metrics that we anticipate collecting for your EBT Programs. We also will work with you to identify additional metrics.

Table VII-30. Metrics Measured

Metric	Description
Actual Hours	The actual number of hours worked against project plan tasks to-date
Percent Complete	Calculation of how far along the project has progressed as a percentage of its total effort
Schedule Performance Index (SPI)	The ratio of work completed to work scheduled to have been completed
Cost Performance Index (CPI)	The ratio of actual costs to budgeted costs
Past Due Milestones	Number of milestones scheduled to be completed but not completed (as of the end of the reporting period)
Past Due Tasks	Number of tasks scheduled to be completed but not completed (as of the end of the reporting period)
Current Issues Count	Number of open/unresolved issues
Issue Aging	Average age of outstanding issues
Defect Count	Current number of open defects
Software Quality Index	A count of the number of open defects weighted by severity
Defect Aging	Average of open defects by defect severity
Hours to complete per defect	Average number of hours required to resolve defects, by severity

It is the responsibility of the project managers to ensure that all activities required to produce the projects' standard metrics are executed. This includes collecting data, performing calculations, and generating and delivering metrics-related reports. As appropriate, the project managers will either designate a specific individual to own the entire metrics generation and reporting task for your three EBT Programs, or assign these tasks to multiple project individuals. In either case, we will define the specific responsibilities for the metrics process.

The project managers also are responsible for the effective review and use of the programs' standard metrics. We will work with you to review collected metrics and determine if these metrics are meeting the project objectives. As necessary, additional metrics will be identified and included in the project plan.

For your EBT Programs, we will work with DHHS to identify specific metrics; typically, we would anticipate maintaining metrics in the following areas.

High Level Project Status. At the project level, we will generate a stoplight report that uses a green-yellow-red status indicator for the budget, schedule, technical, and customer categories. For budget and schedule, the indicator comes directly from the Cost Performance Index (CPI) and Schedule Performance Index (SPI). A CPI or SPI less than 0.97 will provide a yellow indicator and an index below 0.92 will indicate a red indicator. The stoplight indicator for technical is more subjective and is based on the severity of any open technical issues. For any indicator that is not green, our project management team will be required to develop a "Return to Green" plan.

- ***Schedule Performance.*** ***On a weekly basis, all project personnel are required to provide information on the status of the tasks to which they are assigned. Based on the status provided, a series of schedule performance metrics are calculated and plotted over time:***
  - ***SPI.*** ***This is a ratio of the work completed to the work expected to be completed. A value greater than one indicates that more work has been completed than was planned to be completed at a given point in time***
  - ***Percent Complete.*** ***An indication of the percent of work that has been completed***
  - ***Schedule Variance.*** ***A calculation of the number of hours ahead or behind schedule. It is the difference between the work planned and the work accomplished***
  - ***Critical Path Analysis.*** ***The number of days of float in the schedule's critical path***
  - ***Number of Late Starts.*** ***This is a count of the number of tasks that are supposed to have been started but have yet to begin***
  - ***Number of Late Finishes.*** ***This is a count of the number of tasks that are scheduled to be completed but are works in progress***
- ***Cost Performance.*** ***On a weekly basis, actual costs are accumulated and analyzed. The cost metrics produced are based on the earned value analysis. The cost performance metrics include:***
  - ***CPI.*** ***This is the ratio of the costs incurred for the work that has been completed to the planned costs for the same body of work. A value greater than one indicates that it has cost less to produce the work than was previously planned***
  - ***Cost Variance (CV).*** ***This is the difference between the costs incurred to complete a body of work and the planned costs originally estimated, and tells how much over or under budget the project currently is***
  - ***Estimate to Complete (ETC).*** ***This is the estimate of how much it will take to complete the remaining work***
  - ***Estimate at Complete (EAC).*** ***This is the estimate of the total cost at the end of the project. It is a sum of the actual costs to date plus the ETC***
- ***Quality.*** ***We track several quality indicators to reflect the quality of the system development effort:***
  - ***Software Quality Index (SQI).*** ***This metric is a weighted sum of the number of open defects. Critical defects have higher weights. This metric indicates the relative quality of the implementation. Typically, the SQI will rise during the initial testing and decrease as the project moves towards the operational phase***
  - ***Number of Defects Opened Over Time.*** ***This plot will show the number of defects opened each week, plotted on a weekly basis. Plots also can be generated showing defects opened on a severity level***
  - ***Number of Defects Closed Over Time.*** ***This plot will show the number of defects closed each week plotted on a weekly basis***
  - ***Total Open Defects.*** ***An ongoing plot showing an unweighted count of open defects***
  - ***Change Management.*** ***We maintain a count of change requests received over time. The purpose of this metric is to assess project stability and risk. Projects with fewer change requests are normally considered more stable and less risky***

5.10 DESIGN AND DEVELOPMENT PROCESSES

Vendors shall describe the methodology, processes and tools utilized for:

Bringing Benefits and Meeting Objectives
• ***Collaboration with you in building a design and development process that incorporates good planning up front with deliberate and rigorous development procedures that benefit all stakeholders assures a successful program transition and operation.***
• ***Moving in sync from an operational concept to detailed joint application design (JAD) sessions to a Detailed Functional Design Document (DFDD) and subsequently to a Detailed Technical Specifications Document (DTSD), provides the process and mechanisms for a system that is defined, refined, and validated prior to transition. This exercise will give you the opportunity to see that we have an environment in place to meet your operational needs.***
• ***Changes can be caused by any number of events and will occur during the life cycle of this project. However, our fully documented and automated change request tracking system ensures that all requests are appropriately managed from inception through completion, which will make it easy for you to determine the impact of any change that modifies scope, deliverables, timeframes, or resource allocations.***

The following sections provide descriptions of our methodology, processes, and tools we use for analyzing potential solutions, developing a detailed operational concept of the solution, identifying the key design issues that will be resolved to support successful development of the system, and integrating the disciplines essential to system functional requirements definition.

In this section, we provide information about how we have confirmed that EPPIC's system design, and by extension our EBT Connect and WIC Connect solutions, were designed to interface seamlessly with your systems.

5.10.1 Analyzing potential solutions, including identifying alternatives for evaluation in addition to those suggested by the State;

In this section, we describe the methodology, processes, and tools for analyzing potential solutions, including identifying alternatives for evaluation in addition to those suggested by the State.

We take into consideration all aspects of the programs, from the technical solutions to customer service, training, card requirements, and of course, our overall staffing approach. We match our offerings to your requirements, and identify any gaps and how we can fill them. Our solutions are designed to be flexible and support future changes easily, and we identify any innovations we can offer you to potentially fill future needs. When creating the solution for Nevada, we first consider the RFP requirements, and match the requirements to our existing EBT Connect and WIC Connect solutions on our platform. The findings of the review are documented in a Requirements Traceability Matrix (RTM).

When this requirement analysis is complete, we create the Preliminary Project Plan, laying out our schedule for implementing the solutions in your required timeframe. The preliminary and final Project Plan, a living document that we use collaboratively with you throughout the project life cycle to confirm that our deliverables are on time, is one of the most important tools that we use during implementation.

As described in more detail in our response to RFP Section 4.3, Project Kick Off Meeting, we begin our tenure as your new contractor with a joint kick off meeting, during which we discuss project risks and mitigation strategies for each phase of the projects. We also review and assess the Project Management Plan, which is a guide for project execution and control used to document planning assumptions and decisions, facilitate communication among stakeholders, and document approved scope, cost, and schedule baselines. After the overall kick off meeting, we will hold two separate project initiation meetings with your SNAP/TANF and WIC

staff, to review and discuss issues, concerns, program documents, and tasks relevant to the new EBT systems being implemented. During these meetings, there will be opportunities to make decisions regarding Conduent deliverables, systems interfaces, project management, and the Project Plan and Project Schedule. Collaborative communication is one of the chief drivers of our overall design and development methodology.

5.10.2 Developing a detailed operational concept of the interaction of the system, the user and the environment that satisfies the operational need;

We based our operational concept on our current projects' designs, as they are already functioning smoothly in other states. We then analyze the RFP requirements and design an operational concept to present to you in this proposal. This concept becomes the basis of our functional design documentation, which captures and enumerates the business and system/functional requirements for the EBT Connect and WIC Connect solutions, including EPPIC specifications and system parameters. It also describes the requirements associated with communications functions required by the system, including our customer service solution, web portals, and other innovative solutions.

After contract award, we further refine our operational concept with you during the JAD sessions to confirm that we have accounted for all your requirements, and that our solutions will satisfy all your operational needs. Our approach to implementation is to work cooperatively with DHHS before any new software is written or existing software is modified. You are involved every step of the way to ensure we deliver the services as requested without any surprises.

Requirements Definition Meetings

Our staff gathers program, functional, and non-functional system-related information during the JAD sessions, which occur over a two-day period shortly after the contract begins. DHHS and our staff review the tasks and phases, with their completion dates and the critical path, to make sure that you approve the overall schedule. During the JAD sessions, Conduent and DHHS review, analyze, and finalize the requirements. Together, we confirm that all RFP responses are acceptable, and evaluate business model/process changes, review approved changes to the current eligibility and payment system since the RFP release date, and identify any corresponding requirements. We also review all applicable State and federal regulations, programs, and policies as well as assess and ensure our compliance to all applicable DHHS and State IT Policies. This process allows us to review, validate, and update, if necessary, all RFP requirements and work with State staff to assure that we fully understand the scope, purpose, and implications of each requirement.

Our philosophy is to conduct thorough, detailed JAD sessions to fully document all requirements and risks as early in the process as possible. It is far more efficient and cost-effective to identify potential issues and problems early in the program Design and Development Phases as opposed to the later program Implementation and Operations Phases. The result of the JAD sessions is the DFDD, which is then used in the development of the DTSD, a Design Phase deliverable focused on measuring system solution performance and quantifying how well we are satisfying requirements.

DTSD requirements are tracked throughout the system development life cycle. This allows us to perform a detailed review and analysis of all requirements provided in the RFP, as well as develop the detailed specifications required to implement EBT Connect and WIC Connect. Using the DFDD and DTSD as our guides, we complete activities consistent with its proposed methodology to accomplish the task objectives and meet all RFP requirements. This methodology also allows you multiple opportunities to validate requirements and design, view rapid prototypes of requirements and design concepts, screens, content, and application flow. The DTSD becomes the basis for system development, configuration, and integration with your three EBT programs. It is reviewed internally and submitted to DHHS for review before delivering the final document version so that all parties are in full agreement regarding functionality, timing, and responsibilities prior to beginning the Development Phase.

The following items are covered during the JAD sessions:

- ***Operations concepts and use cases***
- ***Requirements identification and review***
- ***Program quality and performance standards***
- ***Business rules***
- ***State interfaces***
- ***IVR requirements***

We use information gathered at the JAD sessions to develop the list of user requirements, which is the foundation for the DFDD and DTSD and subsequent coding. The list of user requirements includes, but is not limited to, determinations regarding the following program components:

- ***Application software***
- ***Operational and performance reports***
- ***Data capture and equipment functionality***
- ***IVR design and scripts***
- ***Roles and assignments for administrative system users***
- ***Training materials for cardholders, retailers/vendors, and DHHS staff***
- ***Interfaces to DHHS systems***

During the JAD sessions, we discuss all functionality and technical aspects of the system with your staff. The discussion includes interfaces, data elements, record and file transfer details, and reporting details. It also features non-functional aspects such as quality attributes, legal and regulatory requirements, standards, performance requirements, and design constraints. These detailed discussion results include measurable parameters that can be used to develop test plans, possible testing scenarios, and trace requirements through the system development life cycle. We offer extensive experience in developing test plans for SNAP/TANF and WIC EBT, and the experience to understand how State staff, cardholders, retailers, and vendors use the EBT system on a daily basis. This experience enables our testing to be based on real-life scenarios and leads to a solid solution for Nevada.

5.10.3 Identifying the key design issues that shall be resolved to support successful development of the system; and

Upon completion of the JAD sessions, we document all results as a part of the DFDD and DTSD and address any outstanding DHHS design issues. If necessary, we convene a JAD session follow-up meeting to reach consensus on any outstanding issues. As with any technology improvement, structured and disciplined change management procedures are paramount to successful completion and program operation. Information technology (IT) projects inevitably require modifications as they are developed, deployed, and operated throughout their entire life cycle. During our history of implementing, operating, and sustaining systems for state government EBT and WIC EBT programs, we have applied industry standards, best practices, and lessons learned that have culminated in successful change and release management methodologies that we implement in all our EBT programs.

We work with DHHS to develop a Change Management (CM) Plan that documents the change management policies, processes, and procedures necessary for controlling and managing the changes during the life of your three EBT programs. The plan includes details on our internal change control process and our CM methodology provides for the tracking of all change requests (CRs) from initial identification through final resolution. We establish a Change Control Board (CCB) of key program stakeholders who work collaboratively in the review and disposition of CRs. This enables us to help you investigate solutions, identify alternatives, and participate in the decision-making process to implement an agreed-upon solution. No request, large or small, is ever implemented without your review and approval. Our goal is to integrate effectively with your change control process for system modifications and enhancements and adhere to provisions of a formal process.

Change Management/Change Control Process and Procedures

In accordance with our PMM, program change control is a formal process for identifying the impact of any change or correction that modifies scope, deliverables, timeframes, or resource allocations, and determining the disposition of the requested change or correction. Our process can be initiated by many events including changes in State or federal legislation, changes introduced by a third-party contractor, changes in DHHS business processes or policies, new business requirements, or project schedule modifications. The process spans the entire program life cycle and offers several benefits:

- ***Provides a clear scope of what is included and excluded from each change order request***
- ***Delineates the system downtime required to implement any changes, if appropriate***
- ***Requires the successful completion of regression testing before the implementation of the change***
- ***Incorporates multiple levels of priority for change orders—critical, must-have, desired, etc.***
- ***Provides impact estimates, solutions, and alternatives***
- ***Allows for input of appropriate information into the project tracking tool***

Our fully documented and automated change request tracking system allows for entry of all information required for a change request and gives you the ability to:

- ***Monitor change orders/change requests***
- ***Report on the status of all change orders/requests***
- ***Schedule a completion date for each change request***
- ***Set and change priorities on individual change requests, following the agreed upon change control procedures***

The change request process ensures all change requests follow a structured process that captures appropriate reviews, assessments, and approvals. In this fashion, change requests are managed from inception through completion.

During initial project planning, DHHS and Conduent establish guidelines for submitting CRs. All DHHS-initiated CRs are submitted directly to the project managers, who review the CR for completeness and against established verification criteria. The project managers enter each CR into the change management log, which assigns a unique tracking ID to the request. They also assign the appropriate status, disposition, category, and all other required information. CRs approved for change impact assessment are released to the appropriate team lead(s).

The detailed change impact assessment consists of determining the hours, costs, resources, and schedule adjustments associated with implementing the CR. The assessment also identifies any issues or risks associated with the CR and suggested mitigation strategies.

After completing the change impact assessment, the team lead(s) compiles assessment results into the Statement of Impact and submits them to the project managers, who review it for completeness and against established criteria. If the statement is complete, it is released to the CCB. If not complete, the statement is returned to the team lead(s) with a request for additional information.

Please see our response to RFP Section 5.11, Configuration Management, for more information about our change management process and tools.

5.10.4 Integrating the disciplines that are essential to system functional requirements definition.

Conduent views requirements and detailed design discussions as imperative to a program's success. Not only are all discussions and decisions documented in the DTSD, but also the program management teams are able to clearly define the detailed design requirements, which are further detailed in the following documents and traced throughout the system development life cycle.

- ***Detailed Functional Design Document.*** ***The detailed functional design document is the cornerstone for the design, development, and operation of any program. The document provides a functional overview, a description of the system, and operating environment for the program, procedures, flowcharts, and workflow.***
- ***Detailed Technical Specifications Document.*** ***The Detailed Technical Specification Document contains a comprehensive system description from the perspectives of the various program stakeholders. It provides a detailed design and explanation of each function of the system including flowcharts of all processes.***
- ***Interface Control Document (ICD).*** ***The ICD defines the interface requirements for each file record type exchanged through the State-defined interfaces, and includes: record layouts, data element definitions, data element attributes, file processing rules, errors and edit messaging, and file transmission frequency.***

5.11 CONFIGURATION MANAGEMENT

Vendors shall describe the methodology, processes and tools utilized for:

Bringing Benefits and Meeting Objectives
• ***Software programming changes require planning, approval, programming, testing, and implementation efforts by a team of individuals. These changes can impact system functionality for both of us, so we maintain a carefully coordinated process for planning, tracking, and implementing software changes thereby reducing unnecessary risk for all users.*** • ***EPPIC was designed with far-reaching security in mind so mechanisms against external interference, tampering and/or unauthorized changes are continuously protected. Extensive audit trails are also in place as an additional security measure, so you can rest easy knowing that our built-in access controls and other measures will keep data safe.*** • ***All maintenance, upgrades, updates, patches, repairs, and enhancements undergo full and successful regression testing prior to migration to production, which provides assurance that software modification has not introduced any other errors into previously developed software.*** • ***Our software change management process and supporting tools provide the controls necessary to protect and maintain the integrity of your data.***

The application of change management benefits all phases of the Software Development Life Cycle (SDLC) and is a matter of good engineering practice. Without configuration and release management, the reliability and quality of the components cannot be assured. Our methodology uses standards that have been established specifically for Conduent and our customers. We use our standards as a benchmark when planning and measuring change management throughout the project. These standards also assist DHHS in maintaining confidence in changes made to the EBT system. Our configuration management/change management methodology ensures software integrity and continuity of the documentation and products are recorded, communicated, and controlled.

The following sections document the methods, processes, and tools used for identifying documentation and software product items, controlling and implementing changes, and recording and reporting change implementation status. These standards apply to the entire software life cycle of development, once the initial system baseline is established and approved by DHHS. Our change and release management approach is used to manage design issues; remedial changes; conforming changes; enhancing changes; parameter or reference table changes; and procedures for changes and updates to design documents and manuals.

5.11.1 Control of changes to requirements, design and code;

EPPIC's built-in provisions for access controls and other security measures were created with wide-reaching security in mind. The mechanisms that enforce access controls are continuously protected against external interference, tampering, and/or unauthorized changes. Only specifically authorized personnel have the ability to make system changes that affect access controls or any other aspect of the system. Since these changes entail modifications to EPPIC, they are subject to a strict control process to protect against tampering and unauthorized changes to the system design and code.

Daily maintenance of electronic security is the responsibility of the Conduent lead systems administrator, lead network administrator, and operations manager. As an additional security measure, system modifications, whether hardware, network, or software (code/data) modifications, require prior security approval and, in some cases, change management approval. Procedures are designed to limit system access to authorized users only. Duties are segregated as much as possible to reduce the level and scope of access required by employees to do their jobs. Access privileges of employees that are to be terminated are removed before the employee is notified.

Audit trails are in place to provide additional system security. EPPIC tracks all root-level activities on the servers and keeps detailed records. The system includes file-monitoring software, which keeps track of all changes to all critical files such as password files, configuration files, and the audit trail files.

EPPIC supports authentication, integrity, and non-repudiation. Its numerous features provide a means to monitor activities in the system, safeguard data transmissions, and make certain that the system is accessed only by authorized personnel. Non-repudiation is provided in EPPIC through extensive auditing logging, including user-level access auditing. Every action performed by an authenticated user is logged in the database. As the logging is also part of a distributed transaction, the audit trail is duplicated on multiple databases and disks. This data is stored in a relational database and easy to retrieve and analyze.

Software programming changes require planning, approval, programming, testing, and implementation efforts by a team of individuals. These changes can impact system function for Conduent and State users, so we maintain a carefully coordinated process for planning, tracking, and implementing software changes. To track the change process and provide for detailed control from start to finish, we use IBM's Rational Team Concert (RTC), which offers an integrated environment that enables source code control, defect tracking and other work item management, build management, and reporting. Our personnel and management involved in software changes can follow every step until the change is complete. The transparency of our method to all involved personnel comprises a level of security for the change process that exceeds that of a basic dual-control process.

5.11.2 Control of interface changes;

As with changes to requirements, design, and code, described in the previous section, EPPIC's built-in provisions for access controls are continuously protected against external interference, tampering, and/or unauthorized changes. Only specifically authorized personnel have the ability to make changes that affect interfaces or any other aspect of the system. They also are subject to a strict control process to protect against tampering and unauthorized changes.

5.11.3 Traceability of requirements, design and code;

The Requirements Traceability Matrix (RTM) contains all approved system requirements by functional module and links them to a test case to ensure that each requirement is fully exercised during system and user acceptance testing. The RTM includes all requirements and any additional alternative requirements that arise as a result of performing Requirements Confirmation and Refinement as agreed to with DHHS. At Conduent, the matrix and repository are tracked for the life of the program through our Rational Team Concert tool. The information that may be contained in the RTM includes:

- ***Functional area***
- ***RFP requirement number***
- ***Functional (or sub-) system***
- ***Requirement description/detail***
- ***Test method***
- ***Test case number***
- ***Test results (pass/fail)***
- ***Number of the associated system requirements specification item***

The test method may include observation, documentation, or test case to validate that the system performs as designed. The pass/fail test results are updated during system test. Testing continues until all requirements are tested and "pass."

Each requirement includes a means of measuring whether the requirement has been satisfied including:

- ***A crosswalk of all requirements as they relate to their functional application. We develop functional use cases that identify requirements and the actions necessary to meet these specific requirements for a functional system.***
- ***A listing of any open change orders. We manage all change requests and document all new requirements identified during the JAD sessions to assure prompt action on all such items. These are documented and tracked until they are completed and DHHS signs off on their closure.***
- ***New requirements that were generated from the JAD sessions.***
- ***All identified internal and external interfaces.***

5.11.4 Tools to help control versions and builds;

Our software change management process and supporting tools provide the controls to maintain the integrity of the test data across multiple testing environments. Conduent uses the existing code baseline and version control procedures that have been installed and used for all Conduent EBT and WIC EBT implementations and conversions. We maintain all EPPIC source code in the IBM RTC tool, which is configured in compliance with Conduent corporate security standards. This ensures all activity that may affect source code for customer deliverable functions is access-controlled, logged, and monitored. The software configuration management (SCM) system keeps track of the multiple revisions of the files that make up the EPPIC codebases, so that when we make changes to the system there is a detailed record and those changes can be rolled back, if necessary. The SCM system runs on a secure host in a physically protected and redundantly powered facility.

In addition to using RTC for defect tracking, we use JTrac to manage the production release process. The project managers are expected to generate Release Management JTrac tickets and adhere to the production change control process to deploy a new release into production. Every change will be recorded within a JTrac release ticket.

5.11.5 Parameters established for regression testing;

Each software build is retested using a set of test scenarios and scripts from the Master Test Cases to confirm previously working features are still working after the introduction of new code to the system. As the software package grows to its full functionality, test scenarios are added to the regression test suite until, ultimately, most of the core functionality is retested with each new build. The types of regression testing are as follows:

- ***Focused Regression.*** ***Used when a new defect fix is minor and has been verified not to change any surrounding or dependent code. The defect can be individually verified. The test scripts are limited to the component and preclude all test scripts from being executed.***
- ***Partial Regression.*** ***Used when a new defect fix is small in scope and the impact to surrounding code or features is nominal and has a minor risk of impact to the overall system. The test scripts are limited to the component and possible interfaces or components that interact or are dependent on the component.***
- ***Full Regression.*** ***Used when a new fix (or fixes) exceeds the scope of a small change. Verification of the entire system is necessary for assurance that the system meets Conduent quality standards. This includes executing all test scripts that are available on the system.***

5.11.6 Baselines established for tools, change log and modules;

Once the design baseline has been established, configuration management staff manages configuration items and their versions that compromise the baselines through automated change management tools. All changes requested/required will go through the change control board and will not be implemented until approved by the board.

The change management team identifies and defines system items; organizes versions; manages changes, builds, and releases; records and reports the status of configuration items; and validates items are accurate and complete. Work products that are placed under configuration management control and treated as a single entity are referred to as configuration items. These include:

- ***Source code***
- ***Executable code***
- ***Build scripts***
- ***Compiler***
- ***Hardware***
- ***Third-party software***
- ***Supporting documentation***

Configuration items are assigned version numbers. Each configuration item is assigned a storage location in a version control library and a unique identifier so that it can be monitored during development, modification, implementation, operation, or maintenance through the change management system records. The collection of configuration items comprises a baseline.

The baseline defines a basis for further system life cycle process activity and allows reference to, control of, and traceability between, a logical grouping of configuration items. The baseline is a description of the versions of artifacts that comprise the product at any given time. Artifacts can change after a baseline, but the change is recorded and controlled. The product baseline will define the necessary as-built form, fit or function.

Baselines and change requests to the baselines that are authorized for release to test or production environments will be identified through release numbers and tracked in the change management system. Technical release notes are generated for each release against the baseline.

5.11.7 Documentation of the change request process including check in/out, review and regular testing;

As noted, we use JTrac to manage workflow across functional areas during iterative development cycles. Our software change management process and supporting tools provide the controls to maintain the integrity of the test data across multiple testing environments. The project manager will work closely with you to identify a change control process (CCP) to resolve system issues through change request records. The project manager will assess and provide justifiable estimates of the cost, hours, task components, staff, and schedule necessary to complete the changes if outside the scope of the contract.

Project management will assist in defining and clarifying business rules or functionality changes directly with DHHS. A business analyst will team with the project manager(s) to assist with the functional review, impact analysis, and documentation of any such changes to initiate the creation of a change request, a requirements document, or a change order.

The change management system will:

- ***Provide a methodology to identify, define, and control all relevant changes to a system***
- ***Assure that change requests are not duplicates***
- ***Provide a "check in/check out" process, creating an audit trail of all work on requested changes***
- ***Allow all parties materially affected by proposed changes to assess the resources, schedules, and/or product impacts of the changes***
- ***Provide a mechanism for reviewing and approving requested changes to improve project systems while suggesting to reject or defer those that degrade them***
- ***Protect stakeholders from unauthorized changes that are potentially disruptive or have unacceptable risks***
- ***Permit prioritization of change records***
- ***Ensure interested parties are notified of management decisions, changes, and assessed impacts***
- ***Confirm that controls are in place for proposed system changes such as documentation, testing, and implementing procedures for each change requested***
- ***Act as a communication mechanism for coordinating, monitoring, and scheduling of all proposed system changes***
- ***Allow for the acceptance of changes after the change has been completed***

A task can be a question, problem, or condition that requires a decision or resolution and must be escalated to management or another supervisory party. Issue records have unique workflow and custom assignment rules, notification rules used in tracking and reporting data for each issue. If we determine that the disposition of the issue impacts the software solution, then we will open a defect change record.

An RTC Defect Record is the result of inconsistencies with requirements, scope, or test results that do not reflect the desired result. An enhancement change record is generated from a request to modify requirements, designs, or code after a baseline has already been established or containing document has already been approved. The configuration management team confirms that changes made to baseline technical components are in accordance with applicable configuration rules and approved change requests. The impacted work products are updated as part of the implementation of every approved change.

To promote, test, and verify activity completion, one or many change records are constituted into a release record. Release records are used to authorize and track the deployment of change records initially to the test environment and ultimately to the production environment. Both change and release records record implementation requirements and dependencies.

Our software change management process and supporting tools provide the controls to maintain the integrity of the test data across multiple testing environments. Unit test plans, unit test results, and tools necessary for our developers to execute accurate and reliable test cases are maintained under configuration control. The unit testing results are attached to the change record in RTC.

Our configuration management and system administration staff will set up and control an integrated system testing environment that is separate from other test environments, and that is configured to support verification of required system functionality by our testing staff. System, performance, and regression test plans and results will be placed under configuration control. The disposition of the validation and verification by the testers is recorded in the change and release records.

Through the record keeping function of the change and release records, our configuration management staff can perform the following release management activities:

- ***Identify and document readiness criteria for release of components***
- ***Review and make final distribution requirements for forms and communication***
- ***Identify computer processing and databases required for implementation***
- ***Perform necessary checks to identify internal and external dependencies***
- ***Define planned deployment, implementation, and verification processes***
- ***Prepare documentation that applies to implementation***
- ***Refine the implementation strategies to accommodate any new details***
- ***Audit adherence to implement methodology and checklists***
- ***Collaborate with you to determine user support staffing requirements and resources***
- ***Identify implementation risks and contingencies***
- ***Assure that implementation documentation is current and readily available***
- ***Identify lessons learned and best practices for future implementation planning activities***

5.11.8 Documentation of the change control board and change proposal process; and

The heart of our configuration and change management processes is the project's Change Control Board (CCB). The CCB is comprised of Conduent personnel in management positions on your three EBT Programs and ensures all appropriate program personnel have input into the proposed changes over the course of the project. In the beginning phases of the project, the CCB has minimal involvement as the design is in development. However, once the design has been baselined, no changes can be made without your approval.

The process to initiate a change starts with the submittal of a change request to the CCB. The request will include the following information:

- ***Title, description of change, background/reason for change, impact if not approved, and other required information***
- ***If the change is relevant to the requirements, design, implementation, or operations***
- ***Identification and assigned impact assessment owner (i.e., the assessor)***
- ***If this is an in scope or out of scope item***

The CCB will then assess the impact and, if approved, authorize the change. At this point, the associated documentation will be updated and a new revision assigned. During the software development phase, the CCB has minimal involvement until acceptance testing has been completed. At this point, the code has been baselined, and any changes must be approved by the board before implementation.

Our change management methodology includes the evaluation, coordination, approval, and implementation of any proposed changes to the baseline system. During all phases of development and maintenance, we will control requirement and functionality changes through a change management process. Every fix or enhancement change request, initiated by either DHHS or us, will be documented. We will provide advanced notification when a build is ready for deployment, allowing you the opportunity to review and approve the release contents before installation.

A comprehensive list of components being delivered in each software release will include:

- ***Description of the changes made to each component***
- ***Test plan that identifies all tests conducted***
- ***Summary of the results executed for each build***

Change management and version control tools are used to support the workflow and sequence of activities executed to achieve the solution across supporting teams throughout the SDLC. We use IBM RTC suite for software version control to establish controlled, secured storage, handling and release of the project configuration items.

The configuration management team members perform artifact administration and system maintenance of the library. The configuration items and the change control records in RTC will be maintained for the lifetime of the project.

Users will not be permitted to delete objects or records from these electronic systems based on controls placed on the user accounts. Permissions for creation and modification will be assigned to users and user groups to ensure data security and restrict access to your personnel.

Our use of the RTC tool automates enforcement of the change management process to implement modifications in a controlled and effective manner, ensuring that priority, work effort, and resource demands are balanced to provide quality work products.

5.11.9 Change log that tracks open/closed change requests.

After reviewing the change request form and validating the request, the Conduent project manager then logs the change request in JTrac (i.e., change log) and assigns the change request a tracking number. Each change request will be assigned a unique tracking number to make certain that it is tracked from the time it is submitted until it is closed or implemented and archived.

5.12 PEER REVIEW MANAGEMENT

Vendors shall describe the methodology, processes and tools utilized for:

Bringing Benefits and Meeting Objectives
Throughout the development process, peer reviews are used to confirm that the designed system is the delivered system and that quality assurance standards are maintained. All deliverables are peer reviewed and revised if needed. All deviations will be discovered and eliminated before submitting to the State, saving you time and effort in review.

Peer review is a methodical examination of work products by the author's peers to identify defects and areas where changes are needed. It is a planned activity throughout the project life cycle and is performed according to the quality review tasks in the preliminary project plan. The review also provides data for metrics to evaluate the effectiveness of the peer reviews on the project. The purpose of a peer review is to accomplish the following goals:

- ***Detect and remove defects from project work products early and efficiently***
- ***Verify accuracy and completeness***
- ***Improve quality of software work products***
- ***Promote consistency across the project***
- ***Promote a better understanding of work products and prevent defects***

In the subsections that follow we address your requirements for peer review management.

5.12.1 Peer reviews conducted for design, code and test cases;

To ensure that the system delivered is consistent with the design and that Quality Assurance (QA) standards are maintained, we use peer reviews of the system functionality to verify that the approved design is being followed. These reviews take place throughout the development process so that any deviation is discovered and eliminated as quickly and efficiently as possible.

In addition to peer reviews, we use subject matter experts (SMEs) to confirm that the technology is being deployed most appropriately and to your best advantage. We also perform extensive unit testing for each functional requirement to verify the functionality before the formal build stage. This unit testing is part of our phased testing that occurs throughout the development process.

All deliverables are peer reviewed and revised accordingly before submitting any document to DHHS. The document type dictates the candidates required to peer review the document. In addition to the review candidates identified in the deliverable acceptance criteria, the project may identify additional documents, processes, or procedures that should undergo formal QA review. All scheduled reviews receive priority, and any unscheduled reviews are completed as time and resources allow.

The scheduled reviews are included as tasks in the preliminary project plan. The project managers make certain that document review tasks are included in the preliminary project plan for all project deliverable documents.

To prevent and correct defects early, ongoing peer review is conducted. Peer review is a separate function of quality assurance but is an important process in quality management. Because of its importance, the peer review activities are identified in our overall quality management planning. These reviews not only provide metrics to evaluate correctness, but also offer an early opportunity to prevent defects early in the project.

Unit Testing

Unit testing is the practice of testing small pieces of code, typically individual functions, alone and in an isolated fashion. Unit testing is performed by the developer in parallel with coding activities, so the developer iteratively tests the code as it is being written. Unit testing does not test the interaction of one application component with another, nor does it test the use of the component in the end-to-end flow of a business process.

The Conduent developer performs unit testing before sending the code for peer review. Following a successful unit test, the developer sends the code to another developer and team lead for peer review. Using a peer review form, the developer completes the form with comments received from peer reviewer(s). After the code review is completed, the developer will check in the code for User Interface Testing (UIT) build in order to perform UIT.

If an issue is found in UIT, System Integration Testing, or User Acceptance Testing, a rejection ticket is issued and assigned back to a developer. The developer will resolve the issue, perform the unit test, and move on to UIT.

5.12.2 Number of types of people normally involved in peer reviews;

Multiple people are involved in peer reviews, including the following personnel:

Project Management Team. Ensures that overall project activities are planned according to the procedure documented in their respective plans. Responsible for communicating any quality issues with the project team and other stakeholders through the project status report. Escalates any defect corrective action issues that cannot be resolved to the implementation manager.

Project Quality Management Team. ***Confirms that Quality Control (QC) and peer review activities are planned according to the procedure documented in their respective plans. Responsible for communicating identified quality defects to the project team through the weekly project status report. Provides input and feedback on defect corrective actions that may have an impact on the project. Assures adequate awareness of and training on the Quality Control Management Plan for all project staff. Feedback is provided from the discussion of quality activities in the weekly project status meetings. Escalates any defect corrective action issues that cannot be resolved to the implementation manager. Responsible for the test effort's success, and involves quality and test advocacy, resource planning and management, and effective resolution of issues that impede the test effort.***

Technical Staff. ***Makes certain that implementation and operations are smooth. Identifies any potential risks and plans to mitigate them. Conducts peer reviews as needed. Works with management team and quality management team to ensure project progress is on time and budget.***

The exact number of personnel varies depending on the project phase and the specific activities performed.

5.12.3 Types of procedures and checklists utilized;

Peer Review Form. ***As noted earlier, the developer performs unit testing before sending the code for peer review. Following a successful unit test, the developer sends the code to another developer and team lead for peer review. Using a peer review form, the developer completes the form with comments received from peer reviewer(s). After the code review is completed, the developer will check in the code for UIT build in order to perform UIT.***

Peer Review Checklist. ***According to our project management methodology, for all deliverables to the State, whether they are specific contract deliverables, project team members are responsible for completing the checks on the peer review checklist before submitting any document to DHHS.***

5.12.4 Types of statistics compiled on the type, severity and location of errors; and

We can run statistics on the following categories:

- ***Type of defects (defect, task, feature)***
- ***Severity (critical, high, moderate, low)***
- ***Phase found (development, QA, requirements, UAT, stabilization, production)***
- ***Component (AT, mobile, client portal, database, reports)***
- ***Root cause (incomplete requirement, design deficient, coding defect, test environment error, hardware error)***
- ***Defect cause (omission, lack of knowledge, miscommunication, accidental)***
- ***Defect type (performance issue, security issue, incorrect logic/business rule, exception/error handling, incorrect/missing database design)***

5.12.5 How errors are tracked to closure.

Error tracking activities include:

- ***Circulating the review comments and list of defects identified by the development team***
- ***Evaluating the review comments/defects identified and assign defects for fixing as required***
- ***Updating the tool/review sheet for the action taken***
- ***Submitting the work product for a re-review after incorporating the review comments as required***

The reviewer checks whether the follow up action has been taken by the team against all the review comments raised and whether adequate information has been given if the follow up is not taken. On finding the changes adequately done, the reviewer signs off on the review sheet and closes the defect in Rational Team Concert (RTC).

If necessary, the reviewer creates a new review sheet and designates any identified defect as an open defect. The work product review cycle continues until the work product is free of defects. The work product is released after getting the go-ahead from the review team. All the review sheets are completed by the project as Quality Records, and pointers to the same are made in the Master list of Quality Records maintained by the project.

5.13 PROJECT SOFTWARE TOOLS

Bringing Benefits and Meeting Objectives

- ***We chose to use the Java programming language for EPPIC as it can operate on any platform, and programming all EPPIC subsystems in Java allows us to readily expand the system to accommodate growing caseloads, additional programs, and new computing and security innovations.***
- ***We use proven, industry-standard software tools and equipment to make sure our systems run as designed, and to provide a stable platform for your three EBT Programs.***

Conduent uses industry leading project software tools which offer our customers consistency and leveled expectations. In this proposal section, we describe the software tools and equipment resources used in your three EBT Programs.

5.13.1 Vendors shall describe any software tools and equipment resources to be utilized during the course of the project including minimum hardware requirements and compatibility with existing computing resources as described in ***Section 2.4, Current Computing Environment***.

Our system leverages recent advances in computing for a much more user-friendly EBT environment. EPPIC, EBT Connect, and WIC Connect have advanced EBT to an open architecture design with Java programming and full web-based access that offers simplicity to users, as well as an unmatched capacity for configuration. Personal computers can access EPPIC without any additional software beyond a basic web browser, such as Internet Explorer. EPPIC's Administrative Terminal is designed to run in any Microsoft Windows environment and features familiar pull-down menus and point-and-click features so navigation is intuitive and easy to learn. Further, your administrative security officer can set highly specific access privileges for individual users.

It is important to note that EPPIC is Java-based not just at the front end, but at every level. We chose the Java programming language for its ability to operate on any platform. Programming all EPPIC subsystems in Java allows us to expand the system to accommodate growing caseloads, additional programs, and new computing and security innovations. In addition, our use of industry-standard objects and libraries allows EPPIC to work with the most advanced relational database management systems in the industry. We use the Oracle DBMS because it allows us to manage high volumes of transaction processing while maintaining information availability, scalability, integrity, and security. We also support three separate instances of the database using the Oracle Active Data Guard (ADG) data replication tools to replicate data from the primary data center to the back-up data center server.

We provide a high-level overview of our software tools and components along with a list the software and tools we use for our EPPIC platform in our Confidential Technical Proposal, Section II.1, Software Tools and EPPIC Software Specifications.

Minimum Hardware Requirements

There are no unique system or network hardware requirements necessary to run EPPIC's Administrative Terminal, and no special software needs to be installed or maintained on the desktop. Authorized State and local staff are able to securely access EPPIC using their Windows-based PC with an internet connection and Microsoft Internet Explorer. EPPIC's Administrative Terminal runs in the Microsoft Windows environment and uses pull-down menus and point-and-click features.

Compatibility

We have reviewed the existing computing resources as described in RFP Section 2.5, Nevada EBT Programs' Current Computing Environment, and see no conflicts with compatibility. As noted, our Administrative Terminal can be accessed on any personal computer that has a web browser. No additional software is needed.

5.13.2 Costs and training associated with the project software tools identified shall be included in ***Attachment I, Project Costs.***

As required, costs and training associated with the identified project software tools are included in RFP Attachment I, Project Costs.

Section VIII Attachment H – Proposed Staff Resume [RFP 10.2.2.8]

REQUIREMENT: RFP Section 10.2.2.8

10.2.2.8 Section VIII – Attachment H – Proposed Staff Resume

A. Vendors shall include all proposed staff resumes per Section 5.5, Vendor Staff Resumes in this section.

B. This section shall also include any subcontractor proposed staff resumes, if applicable.

As noted in our response to RFP Section 5.5, Vendor Staff Resumes, we have completed Attachment H, Proposed Staff Resumes for each proposed staff member assigned to the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project.

We have marked the following resumes as confidential information and included them within our Confidential Technical Proposal in Section II.2, Proposed Staff Resumes:

- Angie Hernandez, SNAP/TANF Project Manager
- Jeff Vinsant, WIC EBT Project Manager
- Kamalabaskaran Subramanian, SNAP/TANF Technical Lead
- Veerendar Megharaj, WIC EBT Technical Lead
- Bernhard Odom, SNAP/TANF Implementation Lead and SNAP/TANF Training and Communications Manager
- Tina Wong, WIC EBT Implementation Lead
- Boyd Neal, WIC EBT Training and Communications Manager
- Ruben Aceves, SNAP/TANF Director of Fraud
- Sriram Krishnamurthy, WIC EBT Quality Assurance Manager/Test Manager
- Valarie Simms, Vendor/Retail Manager
- Myra Reyes, Customer Service Manager
- Heather Gagliano, Director of Card Operations
- Marianne Callahan, Dispute Resolution Manager
- Joe Pietropaolo, Finance Director
- Kim Holland, Settlement and Reconciliation Manager

Since Conduent is not proposing subcontractor staff for the Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project, no subcontractor resumes are included.

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Section IX Preliminary Project Plan [RFP 10.2.2.9]

REQUIREMENT: RFP Section 10.2.2.9
10.2.2.9 Tab IX – Preliminary Project Plan
Vendors must include the preliminary project plan in this section.

Our description of the Preliminary Project Plan for your Nevada Electronic Benefit Transfer (EBT) and Cash Benefit System Project can be found in our response to RFP Section 5.6, Preliminary Project Plan. Additional information about our project plan process can be found in our response to RFP Section 4.4, Planning and Administration.

As clarified in Question #21 of Amendment 2, and because SNAP and TANF are on one EBT card and implemented at the same time, we have included a combined Preliminary Project Plan for these two programs. We have also included a separate Preliminary Project Plan for the WIC EBT efforts. Both Preliminary Project Plans have been marked as confidential information and can be found in our Confidential Technical Proposal in Section II.3, Preliminary Project Plans.

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Section X Other Informational Material [RFP 10.2.2.10]

REQUIREMENT: RFP Section 10.2.2.10
10.2.2.10 Section ~~XI~~ X – Other Informational Material
Vendors shall include any other applicable reference material in this section clearly cross referenced with the proposal.

Table X-1 contains a cross reference between the RFP section where the material was referenced and our Other Informational Material included in this section.

Table X-1. Other Informational Material Cross Reference

RFP Section(s) that Referenced the Material	Other Informational Material Included in This Section
RFP Section 3, System Requirements, pg. V-7 RFP Section 3.2.17, Fraud Detection, pg. V-63 RFP Section 4.9.2.2, Disaster Functionality, pg. VI-93 RFP Section 4.12.2.5, Data Warehouse, pg. VI-138 RFP Section 4.16.2.1, TANF Blocking, pg. VI-267	X.1, Conduent Innovations
RFP Section 5.1.11, pg. VII-33	X.2, Conduent Financial Information
RFP Section 5.2, pg. VII-44	X.3, Verint Financial Information
RFP Section 5.2, pg. VII-44	X.4, Fiserv Financial Information

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X.1 Conduent Innovations

It is with this confidence that we recommend the use of new and innovative technologies that will provide improved service and/or operational cost savings for your three EBT Programs. The innovations in this section are either in production and part of our standard service today, or in development and in varying stages of the design, test, and implementation. Additionally, while some of the items are provided at no cost as part of ongoing system improvement and enhancement efforts, others may have an associated cost and are considered optional services.

As you read through the information regarding these new technologies, we have organized them into two categories:

- **Standard Service.** Newly developed technology, available today or currently being developed, that is included as part of our standard service to your SNAP/TANF EBT Programs and WIC EBT Program.
- **Optional Service.** Technology, available today or currently being developed, that is optional for you to consider for your SNAP/TANF EBT Programs and WIC EBT Program now or in the future.

We have noted the relevance to each EBT Program in the titles of the following subsections.

Intelligent Analytics Portal/Data Warehouse (IAP) Functionality

SNAP/TANF EBT Programs: Standard Service
WIC EBT Program: Optional Service

The IAP allows you to derive reports and perform analysis of data drawn from your EBT Program operations. It includes analytical capabilities for managing information, allowing you to monitor the program thoroughly, with a focus on fraud prevention. We have marked this material as confidential information and it can be found in our Confidential Technical Proposal in Section II.4, Intelligent Analytics Portal/Data Warehouse (IAP) Functionality.

Advanced Predictive Analytics Fraud Package

SNAP/TANF EBT Programs: Optional Service

We have developed an advanced predictive fraud analysis service that enhances our clients' ability to further reduce fraud, waste, and abuse. This optional service (known as the Fraud Package) is fully integrated with the IAP. We have marked this material as confidential information and it can be found in our Confidential Technical Proposal in Section II.5, Advanced Predictive Analytics Fraud Package.

Android and iOS (Apple) Mobile App

SNAP/TANF EBT Programs: Standard Service

Our mobile app for your SNAP/TANF Programs is a safe, convenient, easy way for your cardholders to access benefit and account information and other customer service functions through their mobile device. Cardholders can better manage their interactions in a secure, convenient environment while on the go. During the JAD sessions we will discuss your needs and our plans for implementation. We have marked this material as confidential information and it can be found in our Confidential Technical Proposal in Section II.6, Android and iOS (Apple) Mobile App.

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Interactive Voice Response (IVR) Call Personalization

SNAP/TANF EBT Programs: Standard Service
WIC EBT Program: Standard Service

Above and beyond the basic IVR functionality, we provide our "smart" IVR capabilities as a standard service for your cardholders. These new capabilities can more rapidly connect callers to the specific information or service they are most likely seeking when calling the IVR. We have marked this material as confidential information and it can be found in our Confidential Technical Proposal in Section II.7, Interactive Voice Response (IVR) Call Personalization.

Cloud-based Customer Service Centers (CSC) for Cardholders

SNAP/TANF EBT Programs: Standard Service
WIC EBT Program: Standard Service

Our current network of 10 cloud-based CSCs, which are in the U.S. spanning several time zones, make certain that calls are efficiently managed. Our automated CSC switching solution seamlessly routes calls across our centers. This offers several advantages. First, the solution ensures we have the utmost efficiencies across the centers and our CSRs. The ability to automatically monitor center capacity and call volume and balance the calls across the centers not only serves to reduce cardholder call time, but also improves satisfaction with the overall experience. Secondly, by using automated switching Conduent provides unparalleled failover capabilities spanning our centers. In this scenario, even in the event that multiple centers are interrupted, there will still be support to accept calls.

Cardholder Web Portal and New Configurable Features

WIC EBT Program: Standard Service

Our cardholder web portal is an essential standard service in our Connect solutions. Cardholders use the portal as a self-service option to access program and account information and perform the actions they most commonly need to complete, including:

- Checking the current food prescription balance
- Viewing up to 90 days of transaction history
- Replacing a lost, stolen, or damaged card
- Selecting or changing a PIN

Understanding that cardholders are increasingly mobile, we purposely look for new ideas that maximize the self-service capability provided through our cardholder web portal. The features we envision include the ability to receive expanded alerts and notifications, check dispute status, and to access a WIC vendor locator. New features will be designed for easy configuration into the portal to make them accessible to all programs upon their review and approval. We will discuss our plans for additional web portal features during the JAD sessions and, if these enhancements are selected, we will add them to the portal options for your programs as they become available.

Cardholder Text Messaging

WIC EBT Program: Optional Service

We currently support cardholder text messaging for other electronic payment services programs. Text messaging opens up opportunities to provide new value-added services to your cardholders. Your

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program participants are in the demographic profile for high use of SMS (mobile text). Conduent offers optional text messaging services with features that include balance inquiry, new benefit alerts, and other related services on a versatile platform that can be expanded to include similar features. We look forward to discussing this optional service with you. If you choose to implement this optional service for your programs, the cardholder web portal can be configured to include the features you believe will best support your cardholders.

TANF Blocking

TANF EBT Program: Standard Service

We can block access to TANF benefits at chosen POS and ATM terminals and today support such blocking in Maine, Massachusetts, Michigan, and California—the state with the strictest cash access requirements. Currently in California we restrict cash access at more than 10,000 POS and ATM locations, while providing sufficient access to cash benefits. Today in Maine, EBT cardholders are prevented from accessing their benefits at casinos, gambling or gaming establishments, liquor stores, and adult entertainment venues where performers disrobe or perform in an unclothed state for entertainment. We also can block TANF benefit access at dating or escort service businesses; facilities providing psychic services; theatrical producers' (except motion pictures) ticket agencies; tattoo or body piercing facilities; and bars, cocktail lounges, discotheques, nightclubs, and taverns/drinking places, among others.

For TANF blocking at the POS, EBT Connect uses FNS retailer data and has controls in place to ensure that only valid EBT transactions are authorized. These controls are related to the POS device itself (which must be located at an FNS-authorized location) and the cardholder (who must have a valid card number, PIN, and available cash benefits). We likewise have controls in place to verify that POS cash-back transactions from Conduent-provided exempt EBT-only terminals for cash assistance households occurs only at entities that have valid agreements with us. Likewise, we recruit non-FNS locations to participate in redeeming cash benefits. These locations, as well as FNS locations, are closely monitored. Transactions are blocked based on the type of retailer identified in the transaction. If a transaction is sent to EPPIC from a retailer type that has been blocked, the transaction is denied. This is a fluid database that can be updated as often as necessary.

We work closely with you to refine the procedures and processes used to identify, monitor, and maintain an unlimited number of prohibited locations. At a minimum, specific control methods and/or system enhancements may include the following:

- Identifying locations where EBT transactions are prohibited
- Blocking any ATM transaction at specified locations
- Blocking specific EBT cash purchase transactions at specified locations

We work with DHHS staff and use our advanced predictive fraud analytics to detect misuse and determine where and how blocking will be most effective. All components of this requirement, including identification, data mining, fraud analysis, screening, and reporting are contained within our Advanced Predictive Fraud Analytics System.

We are well-versed with respect to restrictive access policies for TANF recipients as they relate to various types of products and services. We accept your right to implement blocking of ATM and POS devices at other DHHS-restricted locations in addition to those restricted under law. We will implement any necessary changes to EPPIC as you determine any future changes to blocking.

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We are committed to working with you to proactively detect the deliberate misuse of benefits by recipients. This will include the continued use of electronic fraud analysis methods to detect and follow up on suspicious and unusual transactions, including the use of data mining tools and advanced algorithms to identify fraudulent transactions, the ongoing use of our existing fraud screening processes, and referrals of suspected fraud cases to your fraud investigation personnel.

Identifying and Categorizing Locations to be Blocked. We look to you to drive this process and provide us with specific direction regarding which locations are to be blocked. We suggest the use of name and known address searches and public industry lists and registrations (e.g., liquor licenses) to add to any current list of targeted locations, and use transaction activity reports to identify locations. You can then continually refine and categorize the list based on web searches to review the facility, location, and other factors.

Automated Blocking Solution. EPPIC has the ability to deny incoming transaction activity at POS or ATM locations based on Merchant Category Code (MCC) or Terminal Identification (TID). When the ISO message comes into EPPIC, the transaction is denied if the MCC or TID matches a pre-populated list of restricted codes and IDs in the system. This automated solution results in immediate denial of transactions performed at restricted locations. We provide daily reports on all denied activity due to cash restrictions, and this information is reflected as well on the administrative application transaction history detail. Our preferred method of blocking, done in conjunction with the previous approach, is to have TPPs/Networks and ATM/POS owners block the restricted transactions before they even reach EPPIC. With minimal set up, owners of such terminals can “kill” the transaction before it leaves their system and the TPPs/networks can perform a similar function such that we never see the transaction to be blocked.

Where our solution is differentiated is in the ongoing monitoring of these restricted locations. Our experience in other states shows that blocked locations often begin performing transactions once again by changing the TID. At this point, the terminal number in the system is incorrect and it is possible that the location being restricted should continue to be blocked. We monitor these locations and update TID changes in a timely manner to enable correct blocking of transactions without creating hardship to cardholders and retailers.

Each month, we review our ATM Activity Report against the existing deactivation log by ATM TID and location address to identify any previously blocked ATM locations that need additional blocking. These may be ATMs that changed owners and require a new blocking request, locations with a change of processors (same location name and address but a new ATM terminal ID), or ATMs reported as blocked but accepting transactions during the review month. We use EPPIC to manage, deactivate, and report on restricted locations. It is important to acknowledge that cash access blocking can at times be a reactive process involving the review of transaction records and identifying sites that should be blocked. Often, independent ATM owners change processors or terminal IDs in an effort to avoid blocking, but Conduent is aware of such activities and vigilantly works with the TPPs and networks to identify and eliminate such activity.

WIC Vendor and Third Party Processor (TPP) Mini-Switch

WIC EBT Program: Standard Service

The mini-switch provides WIC vendors and TPPs the ability to connect to a single IP and port and have transactions routed to the proper State system using an issuer identification number (IIN) routing logic. This feature is part of our WIC Connect solution and is currently operational and certified with all the

major TPPs. The mini-switch takes the variation out of connectivity and certification efforts by eliminating the need for any network changes by the TPP. We control configuration activities for each new state, eliminating delays due to TPP scheduling conflicts or resource constraints. This solution benefits both the states and TPPs by reducing time and effort for retail certifications and providing more secure and reliable routing of all WIC EBT transactions. We provide this service as part of our standard service.

Configuration-driven Implementation

WIC EBT Program: Standard Service

From its architectural design to the functionality it delivers to its expandability—EPPIC is the system for both today and for the future. To ensure longevity, we have developed an enhanced hierarchy and scalable database configuration that allows new features to be added to EPPIC's architecture with a single release. Our innovative EPPIC platform, detailed previously, gives you the most up-to-date WIC EBT program solution available today, exceeding current industry and regulatory standards.

By leveraging the new design hierarchy and architecture, cardholder benefits and features can be implemented more quickly, regulatory changes are configurable based on program needs, and program improvements can be readily added in the future. With our WIC Connect solution, you gain the newest proven technology to integrate better, more secure, and more convenient options in WIC EBT services. We are committed to supporting the evolution of your services.

Responsive Web Design

WIC EBT Program: Standard Service

Website design contributes greatly to the accessibility of a site and the usability of the site functionality. Approximately half of all internet traffic is now from mobile devices, such as smart phones and tablets, so confirming that the cardholder and retailer/vendor web portals are accessible and easy to use on mobile devices is critical. Our portal roadmap includes a redesign using Responsive Web Design (RWD). This web page design approach confirms that portal interaction is optimal with all devices. Each web page will automatically size content to display it appropriately on mobile phones, tablets, and desktop computers.

In addition to the design using RWD, the portals are in full conformance with World Wide Web Consortium (W3C) standards. These standards include the use of HTML5 language, Cascading Style Sheets (CSS) 2.1, and Extensible Markup Language (XML) 1.1. These behind-the-scenes basic features ensure maximum accessibility and usability for your three EBT Programs' cardholders and are part of the EBT Connect and WIC Connect solution we are proposing.

Special Formula Ordering and Management

WIC EBT Program: Optional Service

We have developed a fully integrated special formula ordering and management solution that accommodates the complexities of mail-order redemptions while recording transaction data in the same manner as standard redemptions. We have marked this material as confidential information and it can be found in our Confidential Technical Proposal in Section II.8, Special Formula Ordering and Management.

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Farmers' Market Wireless Access

SNAP/TANF EBT Programs: Standard Service
WIC EBT Program: Optional Service

We offer an innovative wireless solution to allow farmers' market retailers/vendors to accept SNAP, TANF, and WIC benefits, and cardholders to purchase fresh produce, as another option with a strong focus upon healthy nutrition. We have marked this material as confidential information and can be found in our Confidential Technical Proposal in Section II.9, Farmers' Market Wireless Access.

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X.2 Conduent Financial Information

This sections contains the following Conduent financial information:

- Audited Conduent Incorporated Form 10-K
- Audited Conduent Incorporated Form 10-Q

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CONDUENT INC

FORM 10-K
(Annual Report)

Filed 03/10/17 for the Period Ending 12/31/16

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Industry	IT Services & Consulting
Sector	Technology
Fiscal Year	12/31

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2016

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from: _____ to: _____

Commission File Number 001-37817

CONDUENT INCORPORATED
(Exact Name of Registrant as specified in its charter)

New York	**81-2983623**
(State of incorporation)	(IRS Employer Identification No.)
100 Campus Drive **Florham Park, New Jersey 07932**	**(973) 261-7100**
(Address of principal executive offices)	**(Registrants telephone number, including area code)**

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	**New York Stock Exchange**

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2016, Registrant's common stock was not publicly traded.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at February 28, 2017
Common Stock, $0.01 par value	203,630,042

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated herein by reference:

Document	Part of Form 10-K in which Incorporated
Conduent Incorporated Notice of 2017 Annual Meeting of Shareholders and Proxy Statement (to be filed no later than 120 days after the close of the fiscal year covered by this report on Form 10-K)	III

FORWARD-LOOKING STATEMENTS

From time to time, we and our representatives may provide information, whether orally or in writing, including certain statements in this Annual Report on Form 10-K, which are deemed to be "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Litigation Reform Act"). These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available.

The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect 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 described 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 that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this Annual Report on Form 10-K, any exhibits to this Form 10-K and other public statements we make.

Such factors include, but are not limited to: termination rights contained in our government contracts; our ability to renew commercial and government contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our ability to attract and retain necessary technical personnel and qualified subcontractors; our ability to deliver on our contractual obligations properly and on time; competitive pressures; our significant indebtedness; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; claims of infringement of third-party intellectual property rights; the failure to comply with laws relating to individually identifiable information, and personal health information and laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our security systems and service interruptions; our ability to estimate the scope of work or the costs of performance in our contracts; our ability to collect our receivables for unbilled services; a decline in revenues from or a loss or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to attract and retain key employees; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings; our ability to receive dividends or other payments from our subsidiaries; changes in tax and other laws and regulations; changes in government regulation and economic, strategic, political and social conditions; changes in U.S. GAAP or other applicable accounting policies; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We do not intend to update these forward-looking statements, except as required by law.

CONDUENT INCORPORATED
FORM 10-K
DECEMBER 31, 2016

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PART I

ITEM 1. BUSINESS

Our Business

Conduent is a leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. We serve as a trusted business partner in both the front office and back office, enabling personalized, seamless interactions on a massive scale that improve end-user experiences.

On December 31, 2016, Conduent Incorporated (formerly known as the BPO business) spun-off from Xerox Corporation, pursuant to the separation agreement. As a result of the spin-off, we now operate as an independent, publicly traded company on the New York Stock Exchange, under the ticker "CNDT".

We create value for our Commercial and Public Sector clients by applying our expertise, technology and innovation to help them drive customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics.

Our portfolio includes industry-focused service offerings in attractive growth markets such as Healthcare and Transportation, as well as multi-industry service offerings such as Transaction Processing, Customer Care and Payment Services.

We believe our addressable market size in the global business process service industry is estimated at nearly $260 billion in 2016, with expected growth rates in the mid-single digits through 2019 according to third party industry reports. We have leadership positions in key market segments, including Healthcare and Transportation, which are expected to grow at 8% and 5% on a compounded annual basis through 2019, respectively, according to third party industry reports. In addition, we are well positioned to capitalize on key industry trends such as increased demand for productivity, automation, personalization and innovation to capture growth.

Our strategy is to drive portfolio focus, operational discipline, sales and delivery excellence and innovation, complemented by tightly aligned investments. As a result, we aim to deliver profitable growth and margin expansion and to deploy a disciplined capital allocation strategy.

With approximately 96,000 employees globally as of December 31, 2016, we provide differentiated services to clients spanning small, medium and large businesses and to governments of all sizes in 42 countries. In 2016, we generated $6.4 billion in total revenues, over 80% of which was recurring.

Our Transformation

We have a track-record of active portfolio management with an ongoing focus on optimizing our capabilities and effectively targeting attractive growth areas in a rapidly evolving business process services industry. In recent years, we have taken significant actions to improve our profitability and drive growth with a more focused portfolio of services. These include the divestiture of our Information Technology Outsourcing (“ITO”) business, the refocusing of our Government Healthcare business, the re-organization of our delivery operations, as well as acquisitions and organic investments in key growth markets to expand our capabilities and client reach. We plan to continue enhancing our operational and portfolio focus as a standalone company.

Key initiatives include:

- ***Realigned Delivery.*** During 2016 we began to reorganize the business to better align to our vertical go-to-market strategy and to our global delivery capabilities. We believe this operating structure will allow us to better integrate and tailor business solutions for our customers.
- ***Divested Non-Core Assets.*** We completed the sale of our ITO business on June 30, 2015 to Atos SE. The sale enabled us to increase our focus on areas where we have a competitive advantage.
- ***Refocused our Government Healthcare Business.*** In 2015, we refocused our Government Healthcare business on higher margin, growing segments such as medical and pharmacy benefits management and fraud and abuse detection. We have also reduced our participation in certain Medicaid platform implementations that were

presenting unattractive levels of risk and exposure. We plan to continue to reduce our exposure to large-scale Medicaid platform implementations that have unattractive levels of risk and profitability in 2017.

- ***Increased Use of Automation.*** We have developed and deployed a set of advanced software-based automation tools as part of our service delivery operations. These tools reduce the amount of repetitive, manual labor required to deliver many of our services and improve service quality through lower error rates and faster processing times.

We are also in the process of a strategic transformation program to deliver cost savings through infrastructure optimization, labor productivity and automation initiatives, restructuring of unprofitable contracts and other efficiencies. This transformation program will enable us to better capitalize on our differentiated service offerings, industry expertise and global delivery excellence and position us for long-term shareholder value creation.

Our Market Opportunity

We believe our addressable market size in the global business process service industry is estimated at nearly $260 billion in 2016, according to third party industry reports, and we are a leader across several segments of this large, diverse and growing market. Providing business process services today is complex and multi-faceted with services that span many industries.

Ongoing competitive pressures and increasing demand for further productivity gains have motivated businesses to outsource elements of their day-to-day operations to accelerate performance and innovation. As a result, our clients have become more focused on their core businesses and the range of outsourced activities has expanded greatly. Increasing globalization has also required many companies to optimize cost structures to retain competitiveness and business process services have become a key component of this strategy.

The ongoing shift to next-generation software and automation technologies is driving greater demand for, and expectation of, efficiency and personalization by the constituents and customers of the businesses and governments we serve. Addressing these business and operational challenges is necessary for business process services companies to capitalize on these trends. In addition, business process services have the potential to meaningfully enhance productivity for businesses and governments and satisfaction for their constituents and customers.

Segments

Our reportable segments correspond to how management organizes and manages the business and are aligned to the industries in which our clients operate: Commercial Industries, Healthcare and Public Sector.

- Our *Commercial Industries* segment provides business process services and customized solutions to clients in a variety of industries (other than healthcare).
- Our *Healthcare* segment provides innovative industry-centric business process services to clients across the healthcare industry, including providers, payers, employers, pharmaceutical and life science companies and government agencies.
- Our *Public Sector* segment provides government-centric business process services and subject matter experts to U.S. federal, state and local and foreign governments.
- Our Government Health Enterprise ("HE") Medicaid Platform for all current state clients and Student Loan businesses, as well as non-allocated expenses and inter-segment eliminations, are included in Other.

We present segment financial information in Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, which is incorporated here by reference. The discussion below highlights our segment revenues for the year ended December 31, 2016.

Commercial Industries

Our Commercial Industries segment is our largest segment, with $2.7 billion in revenues in 2016, representing 42% of the total revenues. Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include Customer Care, Human Resource Management, Finance and Accounting, Workforce Learning Services and Legal Business Services. These services are complemented by innovative industry-specific services such as personalized product information for clients in the Automotive industry, digitized source-to-pay

solutions for clients in the Manufacturing industry, customer experience and marketing services for clients in the Retail industry, and mortgage and consumer loan processing for clients in the Financial Services industry.

Healthcare

Our Healthcare segment generated revenues of $1.7 billion in 2016, representing 26% of total revenues. Through this segment we offer innovative services and solutions and subject matter expertise to clients across the healthcare industry, including providers, payers, pharmaceutical and life science companies and government agencies. We strive to enable our healthcare clients to focus on improving the patient care experience, lowering total costs and enabling better long-term health outcomes. Our Healthcare segment primarily serves the following types of clients:

- ***Healthcare Payer:*** We deliver administrative efficiency services and customer experience services/solutions to the top 20 commercial payers. Our services offered include payment integrity solutions, the full spectrum of payer administrative services, member engagement services, health risk assessment, claims processing, mailroom services and outbound printing. Our broad set of services helps healthcare payers to optimize costs by streamlining business processes and recovering incorrectly attributed liabilities. In addition, our services assist with member risk assessment and improve member experience through enhanced engagement tools.

- ***Healthcare Provider Solutions:*** We provide care and quality analytics and workflow solutions and software adoption services to hospitals, clinicians and other healthcare providers, including large healthcare systems, with contracts in 49 of the 50 states. Our healthcare provider services include a care and quality platform (Midas+), systems integration and advisory services to support electronic health record system implementations, software adoption services and community health population analytics. Our services provide our customers enhanced clinical insights of patients to improve quality of care, achieve better regulatory compliance by meeting accurate and timely reporting needs and improve their return on technology investments through simulation-based software adoption.

- ***Government Healthcare:*** We provide medical management/fiscal agent care management services to Medicaid programs and federally-funded U.S. government healthcare programs in 29 states, Puerto Rico and the District of Columbia. Our services include a range of innovative solutions such as Medicaid management fiscal agent, pharmacy benefits management and clinical program management. These services help states optimize their costs by streamlining access to care and improve patient health outcomes through population health management and help families in need by improving beneficiary support.

- ***Pharmaceuticals & Life Sciences:*** We provide services to 9 of the top 10 global pharmaceutical and life science companies to support their revenue generation and clinical services. Our services include inside sales for drug detailing, clinical trial recruitment, patient access and medication adherence and compliance solutions. These services help generate incremental revenue by driving increased adoption of both mature and new drugs by clinicians and improving patient health outcomes by facilitating access to drugs and driving medication adherence.

Public Sector

Our Public Sector segment generated revenues of $1.7 billion in 2016, representing 27% of the total revenues. This segment provides government-centric business process services to U.S. federal, state and local and foreign governments for transportation, public assistance program administration, transaction processing and payment services. In order to provide targeted support to our government clients, our Public Sector segment is organized into two primary businesses:

- ***Transportation:*** We provide revenue-generating transportation services to government clients in over 25 countries. Our services include support for electronic toll collection, public transit, parking, photo enforcement and commercial vehicle operations. Across these offerings, we manage key processes on behalf of our clients including fee collection, compliance and violation management, notifications, statements and reporting. These innovative services significantly improve individual travel experiences, optimize how vehicles and goods move efficiently within cities, digitize integrated modes of transportation and help our government clients to better serve their constituents.

- ***Federal, State and Local Government:*** We support our government clients with services targeting key civilian agencies within federal, state and local governments, as well as government administrative offices. Our depth of agency-specific expertise combined with our scale allows us to deliver and manage programs at all levels of government. Our broad set of public sector services includes public assistance program administration such as child support, pension administration, records management, electronic benefits, eligibility and payment cards, unclaimed property, disease management and software offerings in support of federal, state and local government agencies.

Other

Other includes our Government HE Medicaid Platform business, where we are limiting our focus to maintaining systems for our current clients, and our Student Loan business, which is in runoff, as well as non-allocated expenses and inter-segment eliminations. In 2016, Other accounted for approximately $300 million of revenues, representing 5% of total revenues.

Our Service Offerings

Our portfolio of business process services includes a combination of industry-specific services and multi-industry services. We have subject matter experts who are responsible for implementing each of these services, delivering service excellence to clients, ensuring best practices to improve cost competitiveness, innovating our next generation offerings and supporting worldwide sales.

Industry-Specific Services

Commercial Industry-Specific Services
Examples of the services we offer include personalized product information for automotive clients, digitized source to pay solutions for manufacturing clients, mortgage and consumer loan processing for financial institution clients and customized workforce learning solutions for aerospace clients.

Healthcare Industry-Specific Services
Our healthcare services include care integration and coordination, member health risk assessments, payment integrity (*e.g.* , recovering claims from the appropriate payers), fiscal agent administrative services and providing management information systems in support of Medicaid programs, pharmacy benefits management, clinical trial recruitment and care and quality analytics.

Public Sector-Specific Services
Transportation Services : The transportation services we offer include support for electronic toll collection, public transit, parking, photo enforcement and commercial vehicle operations. Across these offerings, we manage key processes on behalf of our clients including fee collection, compliance and violation management, notifications, statements and reporting.

Other Public Sector Services : Our broad set of public sector services includes public assistance program administration, pension administration, records management, disease management and software offerings in support of federal, state and local government agencies.

Multi-Industry Services

Transaction Processing Services
We help our clients to improve communications with their customers and constituents, whether it is on paper, on-line or through other communication channels. By supporting our clients' customer communication processes, we help our clients deliver a better experience to their customers and operate with improved efficiency and greater effectiveness.

We offer a broad array of flexible transaction processing services that include data entry, scanning, image processing, enrollment processing, claims processing, high volume offsite print and mail services and file indexing. Our multi-channel communication capabilities (including secure print, email, text and web) enable the delivery of personalized and targeted communications that are designed to elicit the desired response from customers or other end-users (*e.g.* , on-time bill payment, increased marketing response rates). Our service offerings utilize both

proprietary and commercially available third-party technologies, combined with our expertise to ensure continued quality and innovation for our clients.

Payment Services
Prepaid Cards : We are an extensive provider of VISA and MasterCard prepaid debit cards, as well as other electronic payment cards in support of U.S. government benefit programs including Social Security, Supplemental Nutrition Assistance Program (formerly known as food stamps), Special Supplemental Nutrition Program for Women, Infants and Children and other specialized Electronic Benefits Transfer programs. Our secure payment services reduce fraud and eliminate paper checks by disbursing electronic payments directly to end users, even those without bank accounts. Our proprietary processing platform, significant operational expertise, advanced fraud analytics and adoption of Europay, MasterCard and Visa chip-enabled technology put us in the forefront of the Prepaid Card industry.

Health Savings Accounts : We provide clients with a simplified approach to help their employees manage their health care costs and accumulate wealth with tax-advantaged accounts. We consolidate administration of all
health spending accounts onto one common platform, including Health Savings Accounts, Health Reimbursement Arrangements, Flexible Spending Accounts and Health Incentive Accounts. By consolidating and integrating the management of health spending accounts, we help our clients improve benefit enrollment and account opening, consolidate customer service, simplify communications and streamline account funding and management.

Child Support Payments : We are an industry leader of U.S. State Government Disbursement Units for child support payments. We collect payments from non-custodial parents via check, credit card and transfers from employee payroll systems and disburse payments to the beneficiaries.

Customer Care Services
We offer customer care services that help our clients provide their own customers with a superior experience. Our service offerings range from answering simple billing questions to providing complex technical and customer support. We also offer both inbound and outbound sales and cross-selling programs through our contact center operations. We provide these services through multiple channels, including phone, SMS, chat, interactive voice response, social networks and email. We augment our customer care agents' efficiency and effectiveness with advanced technologies that help them resolve customer needs quickly and with consistently high quality.

Human Resources Services
We help our clients to support their employees at all stages of employment from initial on-boarding through retirement. We offer clients customized advisory, technology and administrative services that help them more
effectively involve employees in their health insurance, retirement plan and compensation programs. We design
and administer employee benefit programs that attract, reward and retain workforce talent through engaging technologies and decision support tools. Our service offerings include global health and retirement plan consultation and administration; cloud-based HR outsourcing; payroll and benefits administration; health savings and tax efficient account administration; and administration of, and consultation regarding, our proprietary private health care exchange, which allows employees to select from a set of predefined providers and also provides market-leading health and benefit decision support tools and ongoing health and wellness management.

Finance and Accounting Services
We serve clients by managing their critical finance, accounting and procurement processes. Our services include general accounting and reporting, billing and accounts receivable and purchasing, accounts payable and expense management services. We also offer wholesale and retail lockbox services and process auto and mortgage loans in the United States. With a global, dedicated team, we manage the core, end-to-end process areas of finance, accounting and procurement for some of the world's most recognized brands.

Legal Business Services
We have been providing client support to law firms and corporate legal departments for over 20 years. We work across the litigation lifecycle, with particular focus on the legal discovery and review process. Our offerings include litigation support services, compliance and risk review and managed services support.

Workforce Learning Services
We are a provider of end-to-end learning services, designed to accelerate the productivity and development of our clients' employees and extended work forces. Our global presence, superior innovation and expertise allow us to

deliver performance-based learning services tailored to our clients' unique strategic business goals. Our offerings include learning strategy and assessment, instructor management and learning administration.

Applied Automation and Analytics Solutions
Many of our service offerings described above incorporate our applied automation and analytics solutions to increase their value and effectiveness to clients across all industries. We deploy these solutions to personalize millions of interactions, optimize service delivery and simplify complex processes. For example, our customer care services harness the power of applied analytics and automation to help our customer service agents work more efficiently across different communication channels. Our applied automation solutions track and learn the most efficient means to address common customer service needs as they occur in real time so that we can solve the same problem faster the next time around. The combination of applied automation and analytics allows us to identify new service demand patterns and opportunities quickly so that we can proactively address them on behalf of our clients.

Our Competitive Strengths

We possess a number of competitive strengths that distinguish us from our competitors, including:

Leadership in attractive growth markets. We are a leader in business process services serving clients with a total addressable market that is estimated to be $260 billion, and is expected to grow mid-single digits through 2019. Our clients continue to outsource key business processes to accelerate performance and innovation. Additionally, clients are moving beyond services for back-office functions in order to drive customer satisfaction and loyalty, as well as productivity and efficiency. The increase in globalization and cost competition continues to accelerate, forcing companies to seek ways to stay ahead of the competition. These factors, along with clients and their customers demanding more personalized, seamless and secure solutions, are collectively driving the ongoing shift to next-generation software and automation technologies.

- ***Healthcare:*** U.S. healthcare spending is estimated to have represented greater than 15% of GDP in 2016 and is continuing to grow. As one of the most regulated industries, healthcare providers must balance increased utilization with heightened complexity and new financial pressures such as government budget challenges to significantly reduce reimbursements, reimbursement penalties for hospital readmissions and a shift from fee-for-service to "value-based" population health management. We are widely recognized by industry analysts as a leader in healthcare payer operations, serving all 20 of the top 20 U.S. managed healthcare plans and providing administrative and care management solutions to Medicaid programs and federally funded U.S. government healthcare programs in 29 states, Puerto Rico and the District of Columbia.
- ***Transportation:*** Traffic congestion continues to increase as urbanization and changing demographics take hold globally. As a result, optimized transportation systems are becoming critical to increase efficiency while maintaining strict safety requirements. Electronic toll collection, public transit and parking all represent key growth drivers as governments at all levels increasingly focus on transportation infrastructure. We maintain approximately 49% market share position in electronic toll collection in the United States based on toll revenues collected through our systems in 2016. We are also one of the largest U.S.-based commercial vehicle operations service providers in the United States with approximately 40% market share based on 2016 revenues, and we are an award-winning innovator in parking management.
- ***Transaction Processing*** : We provide high volume print and mail services, enrollment processing and personalized and targeted marketing and communications, to large corporations and we believe we are a leading provider in this market.
- ***Prepaid Cards*** : We are the leading provider of prepaid payment card services in support of the U.S. government prepaid card services market.

Global delivery expertise. Our scale and global delivery network enables us to deliver our proprietary technology, differentiated service offerings and service capabilities expertly to clients around the world. We have approximately 290 delivery centers, including operations in India, the Philippines, Jamaica, Guatemala, Mexico, Romania, the Dominican Republic and several locations within the United States, giving our customers the option for "onshore" or "offshore" outsourced business process services. This global delivery model enables us to leverage lower-cost production locations, consistent methodologies and processes, time zone advantages and business continuity plans. As of December 31, 2016, our employee location mix was approximately 48% in North America, 21% in Latin America / Caribbean, 20% in Asia Pacific and 11% in Europe / Middle East / Africa .

Differentiated suite of multi-industry service offerings at scale. We manage transaction-intensive processes and working directly with end-users to often meet their needs in real-time. We are unique in our ability to offer our clients these business process services on a large scale and with high quality. Additionally, we are able to leverage our multi-industry services to bring the same scale and quality to our portfolio of industry-specific service offerings, such as healthcare claims management, employee benefits management and public transit fare collection.

Innovation and development. We innovate by developing and acquiring new technologies and capabilities that improve business processes. We are constantly creating the next generation of simple, automated and touchless business processes to drive lower costs, higher quality and increased end-user satisfaction. Analytics allow us to transform big data into useful information that helps identify operational improvements and constituent insights. Additionally, we leverage robotic process automation and predictive analytics, combined with our deep subject matter expertise, to create intelligent services that improve security, increase speed, improve accuracy, quality and regulatory compliance and uncover insights that support better decision making and outcomes for our clients.

Stable recurring revenue model supported by a loyal, diverse client base. We have a broad and diverse base of clients in 42 countries across geographies and industries, including Fortune 1000 companies, small and midsize businesses as well as governmental entities. Our close client relationships and successful client execution support our stable recurring revenue model and high renewal rates. As of December 31, 2016, over 80% of our total revenues were recurring in nature, and our contract renewal rate was 86%.

Our Strategies

Our strategy is to drive leadership in attractive markets by leveraging and building on our competitive strengths. We intend to execute our strategy through increased business portfolio focus and operating discipline, enhanced sales and delivery capabilities and tightly aligned investments. Our strategy is designed to deliver value by delivering profitable growth, expanding operating margins and deploying a disciplined capital allocation strategy.

Specific elements of our strategy include the following:

Expand within attractive industries. The industries in which we operate have attractive revenue growth rates, generally in the mid-single digits. We intend to sharpen our focus and expand our business in industries with strong growth and profitability characteristics. We will employ a disciplined approach to portfolio management to complement our competitive strengths and build depth and breadth in our core businesses. Within the Healthcare industry, we intend to leverage our data analytics, differentiated service offerings and industry know-how to continue to service payer, provider and core government healthcare clients. Within the Transportation industry, we will leverage our global, end-to-end platforms to continue to deliver seamless travel experiences while providing back-end Transaction Processing and Call Center services for government clients globally.

Optimize and strengthen our services capabilities. We plan to optimize our services capabilities and strengthen several core areas, including Transaction Processing, Customer Care and Prepaid Card services by building out our services offerings and continuing to improve our competitive strengths. We have divested non-core assets, refocused our Government Healthcare business towards higher margin growing segments and consolidated delivery operations to enable greater productivity. Within Transaction Processing, we intend to continue to build industry-specific service offerings and advance inbound and outbound processing capabilities. Within Customer Care, we intend to capitalize on our global scale, cost efficiencies and our ability to provide seamless communications between our clients and their end-users through traditional (e.g., voice) and digital (e.g . , web, mobile, Internet of Things) channels. In Prepaid Cards, we plan to continue to leverage our scalable platform to help our clients simplify their payment disbursement processes.

Continue to advance next-generation platforms and capabilities. We intend to maintain our focus on innovation to create next-generation solutions aligned with our clients' future needs and our growth strategies. We plan to advance our current platforms, further automate and personalize business processes and enhance data analytics capabilities to deliver value-added services for our clients.

Engage, develop and support our people. We intend to increasingly develop our employees by investing in training, processes and systems to equip them with modern tools that enable them to perform their jobs more efficiently. Further, we plan to strengthen our sales teams throughout improved and optimized coverage and effective talent management.

Competition

Although we encounter competition in all areas of our portfolio, we lead across many areas of our principal businesses. We compete on the basis of technology, performance, price, quality, reliability and customer service
and support. In the current political environment in the U.S. and other territories, we also consider our "onshore" delivery capacity to be a competitive advantage. We participate in a highly competitive and rapidly evolving market, driven by changes in industry standards and demands of customers to become more efficient. Our competitors range from large international companies to relatively small firms. Our competitors include:

- Large multinational service providers such as CGI Group, Computer Sciences, Accenture, Aon Hewitt, Cognizant, Hewlett-Packard Enterprise, IBM, Teletech, and Teleperformance;
- Payroll processing and human capital management providers such as ADP and Paychex;
- Healthcare-focused IT and service solutions providers such as Cerner, Quintiles, and Maximus;
- U.S. Federal focused government services such as CACI International; and
- Smaller niche business processing service providers and in-house departments that perform functions that could be outsourced to us.

Sales and Marketing

We market our business process services to both potential and existing clients through our worldwide sales
force and our business development team. Additionally, we have dedicated “solution architects” who work with
clients to better understand their situation and develop a custom-tailored solution to meet their unique needs.

Our sales and marketing strategy is to go to market by industry to deliver key industry-specific and multi-industry
service offerings to our clients. We focus on developing new prospects through market research and analysis, renewing expiring contracts and leveraging existing client relationships to offer additional services. We leverage our broad, multi-industry service offerings to package solutions through enterprise selling, while maintaining a disciplined approach to pricing and contracting. Our sales efforts typically involve extended selling cycles and our expertise in specific industries is critical to winning new business.

Our Geographies

We provide services globally and we have a diversified geographic delivery network, including a significant presence within the U.S. In 2016, approximately 11% of our revenues were generated by clients outside the United States. In 2016, our revenues by geography were as follows: $5,686 million in the United States (89% of total revenues), $547 million in Europe (8% of total revenues) and $175 million from the rest of the world (3% of total revenues). We present geographical information in Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, which is incorporated here by reference.

Innovation and Research and Development

Our innovation and research and development (R&D) capabilities are critical to our client value proposition and competitive positioning. Our investments in innovation align with our growth strategies and are driven by a view of future needs and required competencies developed in close partnership with our clients and R&D partners. We are investing in attractive markets, such as healthcare and transportation, and building on proven platforms to create services that distinguish us from our competitors.

Our innovation and R&D are focused on three key areas: automation, personalization and analytics.

Automation—Create simple, automated and touchless business processes to drive lower cost, higher quality and increased agility. Businesses require agility to quickly respond to market changes and new customer
requirements. To enable greater business process agility, our R&D goals are to simplify, automate and enable
business processes via flexible platforms that run on robust and scalable infrastructures. Automation of business
processes benefits from our strong image, video and robotic processing, as well as our machine learning capabilities. Application of these methods to business processes enables technology to perform tasks that today are performed manually. Examples include providing automation solutions in transportation by aggregating and automatically applying business rules to simplify toll payments, using our state-of-the-art video and image analytics to reduce the need for manual review of license plates in tolling and toll adjustment scenarios, analyzing data on

eligibility claims and checking for correctness on applications. The scope of automation is applied across our portfolio of services and is a key element of our ongoing strategy of modern, efficient services.

Personalization—Augment humans by providing secure, real-time, context-aware personalized products and services. Whether business correspondence, personal communication, manufactured items or an information service, personalization increases the value to the recipient. Our R&D investments lead to technologies that improve the efficiency, economics and relevance of business services, such as customer care and health and welfare services. In our current customer care service offerings, the human touch is seamlessly added as our software automatically takes telephony data and merges it with customer records pulled from multiple sources to seamlessly create targeted scripts and flows. This allows the agent to have the caller's data at their fingertips and provide a more personal experience to the customer—whether on the phone or online. In toll systems, our systems automatically pull up a customer's name, verify their information and prompt them for unpaid tolls. In transit systems, our mobile app aggregates and calculates the time, cost, carbon footprint and health benefits from walking, biking, driving, parking and taking public transit. For health and welfare, our systems provide state of the art personalized delivery to ensure the best utilization of funds for the neediest populations.

Analytics—Transform big data into useful information to support better decision making. Competitive advantage can be achieved by better utilizing available and real-time information. Today, information resides in an ever increasing universe of servers, repositories and formats. The vast majority of information is unstructured, including text, images, voice and videos. Here, we seek to better manage large data systems in order to extract business insights to provide our clients with actionable recommendations and new services. Tailoring these methods to various industry applications leads to new customer value propositions. In hospitals, we mine usage and clinical indicators to improve patient experiences. We also help our healthcare clients identify waste and fraud by identifying networks of providers and patients with suspicious behavior, such as sudden and dramatic increases in a provider's level of business or unusual or illogical patient treatment sequences. In transportation, we enable transport and parking operators to better understand and predict commuter needs, including adherence to schedules, passenger loading levels, car park utilization rates and the impact of varying factors such as weather and schedule variations. In our card payment services business, we perform geo location analytics to predict potential fraud behaviors to assure monies are being distributed to the intended recipients.

Our total R&D spending totaled $31 million in 2016, $52 million in 2015 and $46 million in 2014. In addition to the R&D spending, a significant portion of our technology advancements occur within client contracts and are recorded as either operating expenses or capital expenditures.

Intellectual Property

Our general policy is to seek patent protection for those inventions likely to be incorporated into our products and services or where obtaining such proprietary rights will improve our competitive position. We own approximately 1100 patents and pending applications. Our patent portfolio evolves as new patents are awarded to us and as older patents expire. These patents expire at various dates, generally 20 years from their original filing dates. While we believe that our portfolio of patents and applications has value, in general no single patent is essential to our business or any individual segment. In addition, any of our proprietary rights could be challenged, invalidated or circumvented, or may not provide significant competitive advantages.

Our business relies on software, provided, to an approximately equal extent by both internal development and external sourcing to deliver our services in our businesses. With respect to internally developed software, we claim copyright on all such software, registering works which may be accessible to third parties. In addition, we rely on maintaining source code confidentiality to assure our market competitiveness. With respect to externally sourced software, we rely on contracts assuring our continued access for our business usage.

In the United States, we own 154 trademarks, which are either registered or applied for, reflecting the many businesses we participate in. These trademarks may have a perpetual life, subject to renewal every 10 years and may be subject to cancellation or invalidation based on certain use requirements and third-party challenges, or on other grounds. We vigorously enforce and protect our trademarks.

People and Culture

We draw on the business and technical expertise of our talented and diverse global workforce to provide our clients with high-quality services. Our business leaders bring a strong diversity of experience in our industry and a track record of successful performance and execution.

We have historically operated according to the human resource policies and programs of Xerox, which are designed to meet general governance and regulatory requirements. Conduent established its own diversity and inclusion program post-separation, which is overseen by Conduent's human resources department. Conduent promotes understanding and inclusion through a comprehensive set of diversity initiatives and strategies, including addressing under-representation by identifying shortfalls and developing action plans to close those gaps and through work-life programs that assist employees in many aspects of their personal lives. Additionally, Conduent informs and educates all employees on diversity programs, policies and achievements. As an independent company, we intend to continue our commitment to diversity and inclusion and implement similar policies and programs.

In the United States, Conduent complies with Equal Employment Opportunity guidelines and all applicable federal, state and local laws that govern the hiring and treatment of its employees.

As of December 31, 2016, we had approximately 96,000 employees globally, with 48% located in the United States and the remainder located primarily in India, the Philippines, Jamaica, Guatemala and Mexico.

Training and Talent Development

We believe our people are our most important asset, which is why we invest in employee growth and development programs. We are focused on building a workplace where our people can do their best work and have access to the tools and resources they need to perform their jobs more effectively. We are building a culture of learning and have shifted from delivering training to incorporating learning into day-to-day work.

We have a strong performance management system in place that requires all employees to engage with their managers on goal-setting and performance feedback, enabling personal and professional development. There is a strong emphasis on mentorship and coaching, both formal and informal, to help employees get to the next level in their careers. We enable this by developing management capability for our front line leaders to ensure they are able to coach and mentor their teams and engage in constructive and continuous two-way dialogue.

Corporate Ethics

Our commitment to business ethics represents more than a declaration to do the right thing. It has become an integral part of the way we do business. We operate according to our ethics and compliance program, which is designed to meet general governance and specific industry and regulatory requirements with a focus on values, culture and performance with integrity. Conduent has a business ethics program, which is overseen by a business ethics office, and a code of business conduct (Code), which will serve as the foundation of our business ethics program. The code of business conduct makes clear Conduent’s expectations for ethical leadership, performance with integrity and compliance with company policies and the law. In addition, the code of business conduct embodies and reinforces Conduent’s commitment to integrity and helps employees resolve ethics and compliance concerns consistent with operating principles and legal and policy controls. In addition, as Conduent employees, our employees are required to complete business ethics training annually and we periodically solicit their input to gauge the state of Conduent’s ethical culture and help identify areas for improvement.

Our directors must act in accordance with our Code of Business Conduct and Ethics for Members of the Board; our principal executive officer, principal financial officer and principal accounting officer, among others, must act in accordance with our Finance Code of Conduct; and all of our executives and employees must act in accordance with our Code of Business Conduct. Each of these codes of conduct can be accessed through our website at www.conduent.com/corporate-governance. They are also available to any shareholder who requests them in writing addressed to Conduent Incorporated, 2nd Floor, 100 Campus Drive, Florham Park, NJ 07932, Attention: Corporate Secretary. We will disclose any future amendments to, or waivers from, provisions of our Code of Business Conduct and Ethics for members of the Board and, our Code of Business Conduct and our Finance Code of Conduct for our officers on our website as promptly as practicable, and consistent with the requirements of applicable SEC and NYSE rules.

Backlog

Backlog, or the value of the remaining term of our service contracts, is not a metric that we regularly use to measure our business. However, over 80% of our revenues in 2016 were tied to recurring revenue contracts.

Seasonality

Our revenues can be affected by various factors such as our clients' demand pattern for our services. These factors have historically resulted in higher revenues and profits in the fourth quarter.

Other

Conduent Incorporated is a New York corporation, organized in 2016. Our principal executive offices are located at 100 Campus Drive, Florham Park, New Jersey 07932. Our telephone number is (973) 261-7100.

In the Investor Information section of our Internet website, you will find our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports. We make these documents available as soon as we can after we have filed them with, or furnished them to the U.S. Securities and Exchange Commission.

Our Internet address is www.conduent.com.

ITEM 1A. RISK FACTORS

Our government contracts are subject to termination rights, audits and investigations, which, if exercised, could negatively impact our reputation and reduce our ability to compete for new contracts.

A significant portion of our revenues is derived from contracts with U.S. federal, state and local governments and their agencies, and some of our revenues are derived from contracts with foreign governments and their agencies. Government entities typically finance projects through appropriated funds. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and/or at their convenience. Changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending reductions (e.g., Congressional sequestration of funds under the Budget Control Act of 2011) or other debt or funding constraints, such as those recently experienced in the United States and Europe, could result in lower governmental sales and in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination. Additionally, if the government discovers improper or illegal activities or contractual non-compliance (including improper billing), we may be subject to various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government. Any resulting penalties or sanctions could materially adversely affect our results of operations and financial condition. Moreover, government contracts are generally subject to audits and investigations by government agencies. If the government finds that we inappropriately charged any costs to a contract, the costs are not reimbursable or, if already reimbursed, the cost must be refunded to the government. Further, the negative publicity that could arise from any such penalties, sanctions or findings in such audits or investigations could have an adverse effect on our reputation in the industry and reduce our ability to compete for new contracts and could materially adversely affect our results of operations and financial condition.

We derive significant revenue and profit from commercial and government contracts awarded through competitive bidding processes, including renewals, which can impose substantial costs on us, and we will not achieve revenue and profit objectives if we fail to accurately and effectively bid on such projects.

Many of these contracts are extremely complex and require the investment of significant resources in order to prepare accurate bids and proposals. Competitive bidding imposes substantial costs and presents a number of risks, including: (i) the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us; (ii) the need to estimate accurately the resources and costs that will be required to implement and service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design; (iii) the expense and delay that may arise if our competitors protest or

challenge awards made to us pursuant to competitive bidding and the risk that such protests or challenges could result in the requirement to resubmit bids and in the termination, reduction or modification of the awarded contracts; and (iv) the opportunity cost of not bidding on and winning other contracts we might otherwise pursue. If our competitors protest or challenge an award made to us on a government contract, the costs to defend such an award may be significant and could involve subsequent litigation that could take years to resolve.

Our ability to recover capital and other investments in connection with our contracts is subject to risk.

In order to attract and retain large outsourcing contracts, we sometimes make significant capital and other investments to enable us to perform our services under those contracts, such as purchases of information technology equipment, facility costs, labor resources and costs incurred to develop and implement software. The net book value of certain assets recorded, including a portion of our intangible assets, could be impaired, and our results of operations and financial condition could be materially adversely affected in the event of the early termination of all or a part of such a contract or a reduction in volumes and services thereunder for reasons such as a customer's or client's merger or acquisition, divestiture of assets or businesses, business failure or deterioration or a customer's or client's exercise of contract termination rights.

We rely to a significant extent on third-party providers, such as subcontractors, a relatively small number of primary software vendors, utility providers and network providers; if they cannot deliver or perform as expected or if our relationships with them are terminated or otherwise change, our results of operations and financial condition could be materially adversely affected.

Our ability to service our customers and clients and deliver and implement solutions depends to a large extent on third-party providers such as subcontractors, a relatively small number of primary software vendors, software application developers, utility providers and network providers meeting their obligations to us and our expectations in a timely, quality manner. Our results of operations and financial condition could be materially adversely affected and we might incur significant additional liabilities if any of our third-party providers do not meet these obligations or our or our clients' expectations or if they terminate or refuse to renew their relationships with us or were to offer their products to us with less advantageous prices and other terms than we previously had.

Failure to deliver on our contractual obligations properly and on time could materially adversely affect our results of operations and financial condition.

Our business model depends in large part on our ability to retain existing and attract new work from our base of existing clients, as well as on relationships we develop with our clients so that we can understand our clients' needs and deliver solutions and services that are tailored to meet those needs. In order for our business to grow, we must successfully manage the provision of services under our contracts. If a client is not satisfied with the quality of work performed by us or a subcontractor, or with the type of services or solutions delivered, then we could incur additional costs to address the situation, the profitability of that work might be impaired and the client's dissatisfaction with our services could damage our ability to obtain additional work from that client or obtain new work from other potential clients. In particular, many of our contracts with non-government clients may be terminated by the client, without cause, upon specified advance notice, so clients who are not satisfied might seek to terminate existing contracts prior to their scheduled expiration date, which may result in our inability to fully recover our up-front investments. In addition, clients could direct future business to our competitors. We could also trigger contractual credits to clients or a contractual default. Failure to properly transition new clients to our systems, properly budget transition costs or accurately estimate contract operational costs could result in delays in our contract performance, trigger service level penalties, impair fixed or intangible assets or result in contract profit margins that do not meet our expectations or our historical profit margins.

In addition, we incur significant expenditures for the development and construction of system software platforms needed to support our clients' needs. Our failure to fully understand client requirements or implement the appropriate operating systems or databases or solutions which enable the use of other supporting software may delay the project and result in cost overruns or potential impairment of the related software platforms, which could materially adversely affect our results of operations and financial condition.

We face significant competition and our failure to compete successfully could materially adversely affect our results of operations and financial condition.

To remain competitive, we must develop services and applications; periodically enhance our existing offerings; remain cost efficient; and attract and retain key personnel and management. If we are unable to compete successfully, we could lose market share and important customers to our competitors and that could materially adversely affect our results of operations and financial condition.

Our significant indebtedness could materially adversely affect our results of operations and financial condition.

We have and will continue to have a significant amount of debt and other obligations. Our substantial debt and other obligations could have important consequences. For example, it could (i) increase our vulnerability to general adverse economic and industry conditions; (ii) limit our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other general corporate requirements; (iii) require us to dedicate a substantial portion of our cash flows from operations to service debt and other obligations thereby reducing the availability of our cash flows from operations for other purposes; (iv) limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; (v) place us at a competitive disadvantage compared to our competitors that have less debt; and (vi) become due and payable upon a change in control. If new debt is added to our current debt levels, these related risks could increase.

Our ability to make payments on and to refinance our indebtedness, including the debt incurred in connection with the Spin-Off, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

The terms of our indebtedness may restrict our current and future operations, particularly our ability to incur debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations.

The terms of our indebtedness includes a number of restrictive covenants that impose significant operating and financial restrictions on us and our subsidiaries and limit our ability to engage in actions that may be in our long-term best interests. These may restrict our and our subsidiaries' ability to take some or all of the following actions:

- incur or guarantee additional indebtedness or sell disqualified or preferred stock;
- pay dividends on, make distributions in respect of, repurchase or redeem, capital stock;
- make investments or acquisitions;
- sell, transfer or otherwise dispose of certain assets, including accounts receivable;
- create liens;
- enter into sale/leaseback transactions;
- enter into agreements restricting the ability to pay dividends or make other intercompany transfers;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our or our subsidiaries' assets;
- enter into transactions with affiliates;
- prepay, repurchase or redeem certain kinds of indebtedness;
- issue or sell stock of our subsidiaries; and/or
- significantly change the nature of our business.

As a result of all of these restrictions, we may be:

- limited in how we conduct our business and pursue our strategy; unable to raise additional debt financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

A breach of any of these covenants, if applicable, could result in an event of default under the terms of this indebtedness. If an event of default occurs, the lenders would have the right to accelerate the repayment of such debt and the event of default or acceleration may result in the acceleration of the repayment of any other of our debt to which a cross-default or cross-acceleration provision applies. Furthermore, the lenders of this indebtedness may require that we pledge our assets as collateral as security for our repayment obligations. If we were unable to repay any amount of this indebtedness when due and payable, the lenders could proceed against the collateral that

secures this indebtedness. In the event our creditors accelerate the repayment of our borrowings, we may not have sufficient assets to repay such indebtedness, which could materially adversely affect our results of operations and financial condition.

Our business is dependent on continued interest in outsourcing.

Our business and growth depend in large part on continued interest in outsourced business process services. Outsourcing means that an entity contracts with a third party, such as us, to provide business process services rather than perform such services in-house. There can be no assurance that this interest will continue, as organizations may elect to perform such services themselves and/or the business process outsourcing industry could move to an as-a-Service model, thereby eliminating traditional business process outsourcing tasks. A significant change in this interest in outsourcing could materially adversely affect our results of operations and financial condition. Additionally, there can be no assurance that our cross-selling efforts will cause clients to purchase additional services from us or adopt a single-source outsourcing approach.

Our profitability is dependent upon our ability to obtain adequate pricing for our services and to improve our cost structure.

Our success depends on our ability to obtain adequate pricing for our services that will provide a reasonable return to our shareholders. Depending on competitive market factors, future prices we obtain for our services may decline from previous levels. If we are unable to obtain adequate pricing for our services, it could materially adversely affect our results of operations and financial condition. In addition, our contracts are increasingly requiring tighter timelines for implementation as well as more stringent service level metrics. This makes the bidding process for new contracts much more difficult and requires us to adequately consider these requirements in the pricing of our services.

In order to meet the service requirements of our customers, which often includes 24/7 service, and to optimize our employee cost base, including our back-office support, we often locate our delivery service and back-office support centers in lower-cost locations, including several developing countries. Concentrating our centers in these locations presents a number of operational risks, many of which are beyond our control, including the risks of political instability, natural disasters, safety and security risks, labor disruptions, excessive employee turnover and rising labor rates. Additionally, a change in the political environment in the United States or the adoption and enforcement of legislation and regulations curbing the use of such centers outside of the United States could materially adversely affect our results of operations and financial condition. These risks could impair our ability to effectively provide services to our customers and keep our costs aligned to our associated revenues and market requirements.

Our ability to sustain and improve profit margins is dependent on a number of factors, including our ability to continue to improve the cost efficiency of our operations through such programs as robotic process automation, to absorb the level of pricing pressures on our services through cost improvements and to successfully complete information technology initiatives. If any of these factors adversely materialize or if we are unable to achieve and maintain productivity improvements through restructuring actions or information technology initiatives, our ability to offset labor cost inflation and competitive price pressures would be impaired, each of which could materially adversely affect our results of operations and financial condition.

We may be subject to claims of infringement of third-party intellectual property rights which could adversely affect our results of operation and financial condition.

We rely heavily on the use of intellectual property. We do not own a significant portion of the software that we use to run our business; instead we license this software from a small number of primary vendors. If these vendors assert claims that we or our clients are infringing on their software or related intellectual property, we could incur substantial costs to defend these claims, which could materially adversely affect our results of operations and financial condition. In addition, if any of our vendors' infringement claims are ultimately successful, our vendors could require us to (i) cease selling or using products or services that incorporate the challenged software or technology, (ii) obtain a license or additional licenses from our vendors or (iii) redesign our services which rely on the challenged software or technology. In addition, we may be exposed to claims for monetary damages. If we are unsuccessful in defending an infringement claim and our vendors require us to initiate any of the above actions, or we are required to pay monetary damages, then such actions could materially adversely affect our results of operations and financial condition.

We are subject to laws of the United States and foreign jurisdictions relating to individually identifiable information and personal health information, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and negatively impact our operations.

We receive, process, transmit and store information relating to identifiable individuals, both in our role as a service provider and as an employer. As a result, we are subject to numerous United States (both federal and state) and foreign jurisdiction laws and regulations designed to protect both individually identifiable information as well as personal health information, including the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA") and the HIPAA regulations governing, among other things, the privacy, security and electronic transmission of individually identifiable health information, and the European Union Directive on Data Protection (Directive 95/46/EC). Other United States (both federal and state) and foreign jurisdiction laws apply to our processing of individually identifiable information and these laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. For example, the recent invalidation of the U.S.-EU Safe Harbor regime will require us to implement alternative mechanisms in order for some of our data flows from Europe to the United States to comply with applicable law. Changes to existing laws, introduction of new laws in this area or failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to obtain and process information and allegations by our customers and clients that we have not performed our contractual obligations, any of which could materially adversely affect our results of operations and financial condition.

We are subject to laws of the United States and foreign jurisdictions relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions, and failure to comply with those laws, whether or not inadvertent, could subject us to legal actions and materially adversely affect our results of operations and financial condition.

We receive, process and implement financial transactions, and disburse funds, on behalf of both government and commercial customers. This activity includes receiving debit and credit card information to process payments due to our customers as well as disbursing funds on payment or debit cards to payees of our customers. As a result, we are subject to numerous United States (both federal and state) and foreign jurisdiction laws and regulations, including the Electronic Fund Transfer Act, as amended, the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (including the so-called Durbin Amendment), as amended, the Gramm-Leach-Bliley Act (also known as the Financial Modernization Act of 1999), as amended, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended. Other United States (both federal and state) and foreign jurisdiction laws apply to our processing of certain financial transactions and these laws have been subject to frequent changes, and new legislation in this area may be enacted at any time. Changes to existing laws, introduction of new laws in this area or failure to comply with existing laws that are applicable to us may subject us to, among other things, additional costs or changes to our business practices, liability for monetary damages, fines and/or criminal prosecution, unfavorable publicity, restrictions on our ability to process financial transactions and allegations by our customers and clients that we have not performed our contractual obligations, any of which could materially adversely affect our results of operations and financial condition.

We are subject to breaches of our security systems and service interruptions which could expose us to liability, impair our reputation or temporarily render us unable to fulfill our service obligations under our contracts.

We have implemented security systems, both directly and with third-party subcontractors and service providers, with the intent of maintaining both the physical security of our facilities and the data security of our customers', clients' and suppliers' confidential information and information related to identifiable individuals (including payment card and debit and credit card information and health information) against unauthorized access through our information systems or by other electronic transmission or through the misdirection, theft or loss of physical media. These include, for example, the appropriate encryption of information. Despite such efforts, we are subject to breach of security systems which may result in unauthorized access to our facilities and/ or the information we are trying to protect. Because the techniques used to obtain unauthorized access are constantly changing and becoming increasingly more sophisticated and often are not recognized until launched against a target, we or our third-party service providers may be unable to anticipate these techniques or implement sufficient preventative measures. Additionally, with advances in computer capabilities and data protection requirements to address

ongoing threats, we may be required to expend significant capital and other resources to protect against potential security breaches or to alleviate problems caused by security breaches. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a defeat of our or our third-party service providers' security measures and breach our or our third-party service providers' information systems (whether digital or otherwise).

If unauthorized parties gain physical access to one of our or one of our third-party service providers' facilities or electronic access to our or one of our third-party service providers' information systems or such information is misdirected, lost or stolen during transmission or transport, any theft or misuse of such information could result in, among other things, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers and clients that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for damages related to the theft or misuse of such information, any of which could materially adversely affect our results of operations and financial condition. Moreover, a security breach could require us to devote significant management resources to address the problems created by the security breach and to expend significant additional resources to upgrade further the security measures that we employ to guard such important personal information against cyber attacks maintain various systems and data centers for our customers. Often these systems and data centers must be maintained worldwide and on a 24/7 basis. Although we endeavor to ensure that there is adequate backup and maintenance of these systems and centers, we could experience service interruptions that could result in curtailed operations and loss of customers, which could reduce our revenues and profits in addition to impairing our reputation. If our information systems and our back-up systems are damaged, breached or cease to function properly, we may have to make a significant investment to repair or replace them, and we may suffer interruptions in our operations in the interim, each of which could materially adversely affect our results of operations and financial condition.

If we underestimate the scope of work or the costs of performance in our contracts, or we mis-perform our contracts, our results of operations and financial condition could be materially adversely affected.

In order to stay competitive in our industry, we must also keep pace with changing technologies and customer preferences. Many of our contracts require us to design, develop and implement new technological and operating systems for our customers. Many of these systems involve detailed and complex computer source code which must be created and integrated into a working system that meets contract specifications. The accounting for these contracts requires judgment relative to assessing risks, estimating contract revenues and costs and making assumptions for schedule and technical issues. To varying degrees, each contract type involves some risk that we could underestimate the costs and resources necessary to fulfill the contract. In each case, our failure to accurately estimate costs or the resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of our work could result, and in some instances has resulted, in reduced profits or in losses. In addition, in many of our contracts, we have complicated performance obligations, including, without limitation, designing and building new integrated computer systems or doing actuarial work for pension, medical and other plans with beneficiaries that can rely on future projection of obligations to determine appropriate levels of funding. These contracts carry potential financial penalties or could result in financial damages or exposures if we fail to properly perform those obligations and could result in our results of operations and financial condition being materially adversely affected.

If we are unable to collect our receivables for unbilled services, our results of operations and financial condition could be materially adversely affected.

The profitability of certain of our large contracts depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. Actual losses on client balances could differ from current estimates and, as a result, may require adjustment of our receivables for unbilled services. Our receivables include long-term contracts and over the course of a long-term contract, our customers' financial condition may change such that their ability to pay their obligations, and our ability to collect our fees for services rendered, is adversely affected. Additionally, we may perform work for the federal, state and local governments, with respect to which we must file requests for equitable adjustment or claims with the proper agency to seek recovery in whole or in part, for out-of-scope work directed or caused by the government customer in support of its project, and the amounts of such recoveries may not meet our expectations or cover our costs. Timely collection of client balances also depends on our ability to complete our contractual commitments (for example, achieve specified milestones in percentage-of-completion contracts) and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we

experience an increase in the time to bill and collect for our services, our results of operations and financial condition could be materially adversely affected.

A decline in revenues from or a loss or failure of significant clients could materially adversely affect our results of operations and financial condition.

Our results of operations and financial condition could be materially adversely affected by the loss or failure of significant clients. Some of our clients are in business sectors which have experienced significant financial difficulties or consolidation, and/or the reduction of volumes or their inability to make payments to us, as a result of, among other things, their merger or acquisition, divestiture of assets or businesses, contract expiration, nonrenewal or early termination (including termination for convenience) or business or financial failure or deterioration. Economic and political conditions could affect our clients' businesses and the markets they serve.

We have non-recurring revenue, which subjects us to a risk that our revenues and cash flows from operations may fluctuate from period to period.

Revenue generated from our non-recurring services may fluctuate due to factors both within and outside of our control. Our mix of non-recurring and recurring revenues is impacted by acquisitions as well as growth in our non-recurring lines of business. There is less predictability and certainty in the timing and amount of revenues generated by our non-recurring services and, accordingly, our results of operations and financial condition could be materially adversely affected by the timing and amount of revenues generated from our non-recurring services.

The failure to obtain or maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs, access to capital markets and ability to post surety or performance bonds to support clients' contracts.

Any future downgrades to our credit rating could negatively impact our ability to renew contracts with our existing clients, limit our ability to compete for new clients, result in increased premiums for surety or performance bonds to support our clients' contracts and/or result in a requirement that we provide collateral to secure our surety or performance bonds. Further, certain of our commercial outsourcing contracts provide that, in the event our credit ratings are downgraded to specified levels, the client may elect to terminate its contract with us and either pay a reduced termination fee or, in some limited instances, no termination fee. Such a credit rating downgrade could adversely affect these client relationships.

There can be no assurance that we will be able to maintain our credit ratings. Any additional actual or anticipated downgrades of our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets.

A failure to attract and retain necessary technical personnel and qualified subcontractors could materially adversely affect our results of operations and financial condition.

Because we operate in intensely competitive markets, our success depends to a significant extent upon our ability to attract, retain and motivate highly skilled and qualified technical personnel and to subcontract with qualified, competent subcontractors. If we fail to attract, train and retain sufficient numbers of qualified engineers, technical staff and sales and marketing representatives or are unable to contract with qualified, competent subcontractors, our results of operations and financial condition could be materially adversely affected. Experienced and capable personnel in the services industry remain in high demand, and there is continual competition for their talents. Additionally, we may be required to increase our hiring in geographic areas outside of the United States, which could subject us to increased geopolitical and exchange rate risk. The loss of any key technical employee or the loss of a key subcontractor relationship could materially adversely affect our results of operations and financial condition.

Increases in the cost of telephone and data services or significant interruptions in such services could materially adversely affect our results of operations and financial condition.

Our business is significantly dependent on telephone and data service provided by various local and long distance telephone and data service providers around the world. Accordingly, any disruption of these services

could materially adversely affect our results of operations and financial condition. We have taken steps to mitigate our exposure to service disruptions by investing in redundant circuits, although there is no assurance that the redundant circuits would not also suffer disruption. Any inability to obtain telephone or data services at favorable rates could materially adversely affect our results of operations and financial condition. Where possible, we have entered into long-term contracts with various providers to mitigate short-term rate increases and fluctuations. There is no obligation, however, for the vendors to renew their contracts with us, or to offer the same or lower rates in the future, and such contracts are subject to termination or modification for various reasons outside of our control. A significant increase in the cost of telephone or data services that is not recoverable through an increase in the price of our services could materially adversely affect our results of operations and financial condition. In addition, a number of our facilities are located in jurisdictions outside of the United States where the provision of utility services, including electricity and water, may not be consistently reliable, and while there are backup systems in many of our operating facilities, an extended outage of utility or network services could materially adversely affect our results of operations and financial condition.

We are a holding company and, therefore, may not be able to receive dividends or other payments in needed amounts from our subsidiaries.

Our principal assets are the shares of capital stock and indebtedness of our subsidiaries. We rely on dividends, interest and other payments from these subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, paying corporate expenses and, if determined by our Board, paying dividends to shareholders and repurchasing common shares. Certain of our subsidiaries are subject to regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that these subsidiaries can pay in dividends or other payments to us. No assurance can be given that there will not be further changes in law, regulatory actions or other circumstances that could restrict the ability of our subsidiaries to pay dividends to us. In addition, due to differences in tax rates, repatriation of funds from certain countries into the United States could have unfavorable tax ramifications for us. Furthermore, no assurance can be given that our subsidiaries may be able to make timely payments to us in order for us to meet our obligations.

Our results of operations and financial condition could be materially adversely affected by legal and regulatory matters.

We are potentially subject to various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act of 1974 (ERISA); and other laws and regulations, as discussed under Note 15—Contingencies and Litigation in our Consolidated Financial Statements. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual or materially increase an existing accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts above any existing accruals, it could materially adversely affect our results of operations and financial condition in the period or periods in which such change in determination, judgment or settlement occurs. There can be no assurances as to the favorable outcome of any claim, lawsuit, investigation or proceeding. It is possible that a resolution of one or more such proceedings could require us to make substantial payments to satisfy judgments, fines or penalties or to settle claims or proceedings, any of which could materially adversely affect our results of operations and financial condition. These proceedings could also result in reputational harm, criminal sanctions, consent decrees or orders preventing us from offering certain services, requiring a change in our business practices in costly ways or requiring development of non-infringing or otherwise altered products or technologies. In addition, it can be very costly to defend litigation and these costs could materially adversely affect our results of operations and financial condition. See Note 15—Contingencies and Litigation to our Consolidated Financial Statements.

Our results of operations and financial condition may be materially adversely affected by conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes.

A portion of our revenues is generated from operations outside the United States. In addition, we maintain significant operations outside the United States. Our results of operations and financial condition could be materially adversely affected by changes in foreign currency exchange rates, as well as by a number of other factors, including, without limitation, changes in economic conditions from country to country, changes in a country's political conditions, trade protection measures, licensing requirements, local tax issues, capitalization and other related legal

matters. We generally hedge foreign currency denominated assets, liabilities and anticipated transactions primarily through the use of currency derivative contracts. The use of derivative contracts is intended to mitigate or reduce transactional level volatility in the results of foreign operations, but does not completely eliminate volatility. We do not hedge the translation effect of international revenues and expenses, which are denominated in currencies other than our U.S. parent functional currency, within our combined financial statements. If we are unable to effectively hedge these risks, our results of operations and financial condition could be materially adversely affected.

If we fail to successfully develop new service offerings, including new technology components, and protect our intellectual property rights, we may be unable to retain current customers and gain new customers and our revenues would decline.

The process of developing new service offerings, including new technology components, is inherently complex and uncertain. It requires accurate anticipation of customers' changing needs and emerging technological trends. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in service offerings that achieve customer acceptance and generate the revenues required to provide desired returns. For example, establishing internal automation processes to help us develop new service offerings will require significant up-front costs and resources, which, if not monetized effectively, could materially adversely affect our revenues. In addition, some of our service offerings rely on technologies developed by and licensed from third parties. We may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our intellectual property. It is also possible that our intellectual property rights could be challenged, invalidated or circumvented, allowing others to use our intellectual property to our competitive detriment. We also must ensure that all of our service offerings comply with both existing and newly enacted regulatory requirements in the countries in which they are sold. If we fail to accurately anticipate and meet our customers' needs through the development of new service offerings (including technology components) or if we fail to adequately protect our intellectual property rights or if our new service offerings are not widely accepted or if our current or future service offerings fail to meet applicable worldwide regulatory requirements, we could lose market share and customers to our competitors and that could materially adversely affect our results of operations and financial condition.

Risks related to the Spin-off:

We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin-Off.

We believe that, as an independent, publicly traded company, we will be able to, among other things, design and implement corporate strategies and policies that are targeted to our business, better focus our financial and operational resources on our specific business, create effective incentives for our management and employees that are more closely tied to our business performance, provide investors more flexibility and enable us to achieve alignment with a more natural shareholder base and implement and maintain a capital structure designed to meet our specific needs. However, by separating from Xerox, we may be more susceptible to market fluctuations and other adverse events. As an independent entity, we have an arm's-length relationship with Xerox and we may not be able to obtain supplies from Xerox on terms as favorable to us as those we had as a wholly owned subsidiary of Xerox prior to the Spin-Off. As a smaller, independent company, Conduent will have a narrower business focus and may be more vulnerable to changing market conditions as well as the risk of takeover by third parties. In addition, we may be unable to achieve some or all of the benefits that we expect to achieve as an independent company in the time we expect, if at all. Furthermore, Xerox used to guarantee our and our subsidiaries' performance under certain services contracts and real estate leases. Following the Spin-Off, we expect that Conduent will provide such performance guarantees, and we may be unable to retain or renew contracts or real estate leases or a failure to renew such contracts or leases on favorable terms and conditions could materially adversely affect our results of operations and financial condition. If we fail to achieve some or all of the benefits that we expect to achieve as an independent company, or do not achieve them in the time we expect, our results of operations and financial condition could be materially adversely affected.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent, publicly traded company, and we may experience increased costs after the Spin-Off.

We have historically operated as part of Xerox's corporate organization, and Xerox has provided us with various corporate functions. Following the Spin-Off, Xerox will have no obligation to provide us with assistance other than the transition services described under "Certain Relationships and Related Party Transactions—Transition Services Agreement." These services do not include every service that we have received from Xerox

in the past, and Xerox is only obligated to provide these services for limited periods following completion of the Spin-Off. Accordingly, following the Spin-Off, we will need to provide internally or obtain from unaffiliated third parties the services we currently receive from Xerox. These services include senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services, the effective and appropriate performance of which are critical to our operations. We may be unable to replace these services in a timely manner or on terms and conditions as favorable as those we receive from Xerox. Because our business has most recently operated as part of the wider Xerox organization, we may be unable to successfully establish the infrastructure or implement the changes necessary to operate independently, or may incur additional costs that could adversely affect our business. If we fail to obtain the quality of services necessary to operate effectively or incur greater costs in obtaining these services, our results of operations and financial condition could be materially adversely affected.

We have no recent operating history as an independent, publicly traded company, and our historical and pro forma financial data are not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results.

We derived the historical financial data included in this Annual Report from Xerox's consolidated financial statements, and this data does not necessarily reflect the results of operations and financial condition we would have achieved as an independent, publicly traded company during the periods presented, or those that we will achieve in the future. This is primarily because of the following factors:

- Prior to the Spin-Off, we operated as part of Xerox's broader corporate organization and Xerox performed various corporate functions for us, including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services. Our historical financial data reflect allocations of corporate expenses from Xerox for these and similar functions. These allocations may not reflect the costs we will incur for similar services in the future as an independent, publicly traded company.
- We entered into transactions with Xerox that did not exist prior to the Spin-Off, such as Xerox's provision of transition services, which will cause us to incur new costs.
- Our historical financial data do not reflect changes that we expect to experience in the future as a result of our separation from Xerox. As part of Xerox, we enjoyed certain benefits from Xerox's operating diversity, size, purchasing power, credit rating, borrowing leverage and available capital for investments. Many of our services contracts, particularly those for our transportation service offerings in our Public Sector business, require significant capital investments, and after the Spin-Off, we may not have access to the capital (from both internal and external sources) necessary to fund these services contracts. As an independent entity, we may be unable to purchase goods, services and technologies, such as insurance and health care benefits and computer software licenses, or access capital markets on terms as favorable to us as those we obtained as part of Xerox prior to the Spin-Off.

Following the Spin-Off, we are now responsible for the additional costs associated with being an independent, publicly traded company, including costs related to corporate governance, investor and public relations and public reporting. For additional information about our past financial performance and the basis of presentation of our financial statements, see "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical financial statements and the notes thereto included in this annual report on Form 10-K. Some of the contracts to be transferred or assigned to us in connection with the Internal Transactions and Distribution contain provisions that require the consent of a third party to the Internal Transactions, the Distribution or both. Failure to obtain such consents on commercially reasonable and satisfactory terms may impair our entitlement to the benefit of these contracts in the future.

We may have been able to receive better terms from unaffiliated third parties than the terms we receive in our agreements with Xerox.

We entered into agreements with Xerox related to our separation from Xerox, including the Separation and Distribution Agreement, Transition Services Agreement, Tax Matters Agreement, Employee Matters Agreement and any other agreements, while we are still part of Xerox. Accordingly, these agreements may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The terms of these agreements relate to, among other things, allocations of assets, liabilities, rights, indemnifications and other obligations between Xerox and us. We may have received better terms from third parties. See "Certain Relationships and Related Party Transactions—Agreements with Xerox."

The Spin-Off could result in significant tax liability to Xerox and its shareholders.

Completion of the Spin-Off required Xerox's receipt of a written opinion of Cravath, Swaine & Moore LLP to the effect that the Distribution should qualify for non-recognition of gain and loss under Section 355 of the Code and the receipt and continuing effectiveness and validity of the IRS Ruling.

The opinion of counsel did not address any U.S. state or local or foreign tax consequences of the Spin-Off. The opinion assumed that the Spin-Off was completed according to the terms of the Separation and Distribution Agreement and relied on the facts as stated in the Separation and Distribution Agreement, the Tax Matters Agreement, the other ancillary agreements, the Information Statement included in our registration statement on Form 10 and a number of other documents. In addition, the opinion was based on certain representations as to factual matters from, and certain covenants by, Xerox and us. The opinion cannot be relied on if any of the assumptions, representations or covenants are incorrect, incomplete or inaccurate or are violated in any material respect.

Xerox has received the IRS Ruling. The IRS Ruling relies on certain facts, assumptions, representations and undertakings from Xerox and us regarding the past and future conduct of Xerox's and our businesses and other matters. If any of these facts, assumptions, representations or undertakings is incorrect or not otherwise satisfied, Xerox may not be able to rely on the IRS Ruling. In addition, the IRS ruling is not a comprehensive ruling from the IRS regarding all aspects of the U.S. federal income tax consequences of the transactions.

Accordingly, notwithstanding the opinion of counsel and the IRS Ruling, there can be no assurance that the IRS will not assert, or that a court would not sustain, a contrary position.

If the Distribution were determined not to qualify for non-recognition of gain and loss for U.S. federal income tax purposes, U.S. Holders could be subject to tax. In this case, each U.S. Holder who received our common stock in the Distribution would generally, for U.S. federal income tax purposes, be treated as having received a distribution in an amount equal to the fair market value of our common stock received, which would generally result in (i) a taxable dividend to the U.S. Holder to the extent of that U.S. Holder's pro rata share of Xerox's current and accumulated earnings and profits; (ii) a reduction in the U.S. Holder's basis (but not below zero) in Xerox common stock to the extent the amount received exceeds the shareholder's share of Xerox's earnings and profits; and (iii) a taxable gain from the exchange of Xerox common stock to the extent the amount received exceeds the sum of the U.S. Holder's share of Xerox's earnings and profits and the U.S. Holder's basis in its Xerox common stock.

We could have an indemnification obligation to Xerox if the Distribution were determined not to qualify for non-recognition treatment, which could materially adversely affect our results of operations and financial condition.

If it were determined that the Distribution did not qualify for non-recognition of gain and loss under Section 355 of the Code, we could, under certain circumstances, be required to indemnify Xerox for the resulting taxes and related expenses. Any such indemnification obligation could materially adversely affect our results of operations and financial condition.

In addition, Section 355(e) of the Code generally creates a presumption that the Distribution would be taxable to Xerox, but not to shareholders, if we or our shareholders were to engage in transactions that result in a 50% or greater change by vote or value in the ownership of our stock during the four-year period beginning on the date that begins two years before the date of the Distribution, unless it were established that such transactions and the Distribution were not part of a plan or series of related transactions giving effect to such a change in ownership. If the Distribution were taxable to Xerox due to such a 50% or greater change in ownership of our stock, Xerox would recognize gain equal to the excess of the fair market value of our common stock distributed to Xerox shareholders over Xerox's tax basis in our common stock and we generally would be required to indemnify Xerox for the tax on such gain and related expenses. Any such indemnification obligation could materially adversely affect our results of operations and financial condition.

We agreed to numerous restrictions to preserve the non-recognition treatment of the Distribution, which may reduce our strategic and operating flexibility.

We agreed in the Tax Matters Agreement to covenants and indemnification obligations that address compliance with Section 355 of the Code. These covenants and indemnification obligations may limit our ability to pursue strategic

transactions or engage in new businesses or other transactions that may otherwise maximize the value of our business, and might discourage or delay a strategic transaction that our shareholders may consider favorable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

We lease and own numerous facilities worldwide with larger concentrations of space in Kentucky, New Jersey, California, Mexico, Guatemala, the Philippines, Jamaica, Romania and India. Our owned and leased facilities house general offices, sales offices, service locations, call centers and distribution centers. The size of our property portfolio as of December 31, 2016 was approximately 12.2 million square feet at an annual operating cost of approximately $294 million and comprised 513 leased properties and 8 owned properties. We believe that our current facilities are suitable and adequate for our current businesses. Because of the interrelation of our business segments, each of the segments use substantially all of these properties at least in part.

As a result of implementing our strategic transformation program as well as various productivity initiatives, several leased and owned properties may become surplus over the next three years. We are obligated to maintain our leased surplus properties through required contractual lease periods and plan to dispose of or sublease these properties.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under Note 15 "Contingencies and Litigation" in the Consolidated Financial Statements in Part II, Item 8, which is incorporated here by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Exchange Information

The common stock of Conduent Incorporated is listed on the New York Stock Exchange ("NYSE") with the ticker symbol "CNDT." Our common stock did not begin trading until January 3, 2017.

Conduent Common Stock Dividends

We intend to retain future earnings for use in the operation of our business and to fund future growth, We do not anticipate paying any dividends on our common stock for the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

FIVE YEARS IN REVIEW
(in millions, except per-share data)

	2016	2015	2014	2013	2012 (unaudited)
Per-Share Data					
(Loss) income from continuing operations					
Basic	$ (4.85)	$ (1.65)	$ 0.17	$ 0.67	$ 0.68
Diluted	(4.85)	(1.65)	0.17	0.67	0.68
Net (loss) income attributable to Conduent					
Basic	(4.85)	(2.04)	(0.40)	0.90	0.84
Diluted	(4.85)	(2.04)	(0.40)	0.90	0.84
Common stock dividends declared [1]					
Operations					
Revenues	$ 6,408	$ 6,662	$ 6,938	$ 6,879	$ 6,873
(Loss) income from continuing operations	(983)	(336)	34	135	137
Net (loss) income	(983)	(414)	(81)	182	170
Financial Position					
Working capital	$ 515	$ (867)	$ (887)	$ (1,450)	$ (1,975)
Total Assets	7,709	9,058	10,954	11,205	11,217
Consolidated Capitalization					
Short-term debt and current portion of long-term debt	$ 28	$ 24	$ 268	$ 42	$ 37
Long-term debt	1,913	37	43	310	292
Total Debt [2]	1,941	61	311	352	329
Series A preferred stock	142	n/a	n/a	n/a	n/a
Conduent shareholders' equity/former parent investment	3,288	5,162	5,411	5,579	5,408
Total Consolidated Capitalization	$ 5,371	$ 5,223	$ 5,722	$ 5,931	$ 5,737
Selected Data and Ratios [3]					

(1) We did not declare or pay dividends for the periods presented.
(2) Includes capital lease obligations.
(3) Selected data and ratios are not provided as the common stock of Conduent Incorporated did not begin "regular way" trading on the NYSE until January 3, 2017.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following Management's Discussion and Analysis (MD&A) is intended to help the reader understand the results of operations and financial condition of Conduent Incorporated. MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying notes. MD&A provides additional information about our operations, current developments, financial condition, cash flows and results of operations.

Throughout the MD&A, we refer to various notes to our Consolidated Financial Statements which appear in Item 8 of this 2016 Form 10-K, and the information contained in such notes is incorporated by reference into the MD&A in the places where such references are made.

Executive Overview

With revenues of $6.4 billion, we are a leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. We serve as a trusted business partner in both the front office and back office, enabling personalized, seamless interactions on a massive scale that improve end-user experience. Our addressable market size in the global business process service industry is estimated at nearly $260 billion.

Headquartered in Florham Park, New Jersey, the 96,000 people of Conduent, as of December 31, 2016, serve customers in more than 40 countries. In 2016 , 11% of our revenue was generated outside the U.S.

We organize our business around three main reportable segments: **Commercial Industries, Healthcare** and **Public Sector** .

- Our **Commercial Industries** segment is comprised of business process services and customized solutions offered to clients in a variety of industries (other than healthcare).
- Our **Healthcare** segment is comprised of industry-centric business process services offered to clients across the healthcare industry, including providers, payers, employers, pharmaceutical and life science companies and government agencies.
- Our **Public Sector** segment is comprised of government-centric business process services offered to U.S. federal, state and local governments, as well as foreign.

Separation

On December 31, 2016, Conduent Incorporated completed its Separation from Xerox Corporation and is now an independent public company trading on the New York Stock Exchange under the symbol "CNDT". In connection with the separation from Xerox, Conduent entered into several agreements to (1) affect the legal and structural separation of Conduent and Xerox, (2) govern the relationship between Conduent and Xerox up to and after the completion of the separation and (3) allocate between Conduent and Xerox various assets, liabilities and obligations, including, among other things, employee benefits and tax-related assets and liabilities. The agreements entered into include a separation and distribution agreement, a transition services agreement, a tax matters agreement, an employee matters agreement, an intellectual property agreement and a trademark license agreement.

Significant 2016 Charges

Goodwill Impairment Charge

As required by ASC 350 Intangibles - Goodwill and Other, we annually test the Goodwill of our reporting units for impairment. For Step 1 of the test, as in prior years, we determined the fair value of our reporting units utilizing a combination of both an Income Approach and a Market Approach to calculate fair value for each reporting units. We then compare the fair value of each reporting unit to its carrying value. The Income Approach utilizes a discounted cash flow analysis based upon the forecasted future business results of each reporting units. The Market Approach

utilizes the guideline public company method. We apply a two-thirds and one-third weighting to the results of the Income Approach and the Market Approach, respectively, to calculate the fair value of each reporting units.

Our Commercial Industries reporting units operating results declined in 2016 versus our expectations, including a weak fourth quarter 2016. In performing Step 1 of our annual impairment test during the fourth quarter of 2016, we determined that the carrying value of the Commercial Industries reporting unit exceeded fair value by 53%, indicating an impairment and; therefore, we performed Step 2 of the test. Our Healthcare and Public Sector reporting units passed Step 1 with fair value exceeding carrying value by 19% and 14%, respectively, and, therefore, we were not required to perform Step 2 of the test.

Step 2 for the Commercial Industries reporting unit required a hypothetical purchase price allocation and the calculation of the implied fair value of goodwill. As a result of performing Step 2, we calculated a goodwill impairment of $935 million. This has been presented as Goodwill impairment, a separate line item in the Consolidated Statements of Income (Loss). Refer to Note 7 - Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information.

Our annual test relies upon key assumptions about revenue and profitability, including the impact of significant planned cost reductions from our Strategic Transformation program. As with any forecast, there is an element of uncertainty and management has considered this when performing the annual impairment test. Key assumptions like the discount rate we use to calculate the present value of the forecasted cash flows for each reporting unit were risk adjusted to reflect these uncertainties. If our actual operating results do not achieve the risk-adjusted forecast of revenue and profitability, or delays in achieving the benefits from the cost reductions assumed in our Strategic Transformation program occur, there is the risk of future goodwill impairments.

As a result of the significant impact of the Goodwill impairment charge on our reported revenues, earnings and key metrics for the period, we also discuss our results excluding the impact of this charge. The adjusted results are noted as “adjusted” in the discussion below. Refer to the “Non-GAAP Financial Measures” section for a reconciliation and explanation of these non-GAAP financial measures.

NY MMIS Charge

In February 2017, we determined that it is probable that we will not fully complete our New York Medicaid Management Information System ("NY MMIS") project in its current form.

As a result of this decision and the application of percentage-of-completion accounting, we recorded a pre-tax charge (NY MMIS charge) of $161 million ($98 million after-tax) during the fourth quarter of 2016. The charge included $83 million for the write-off of contract receivables, which were recorded as a reduction in Revenues. In addition, in Cost of Outsourcing, we recorded a $78 million charge which included: $36 million for wind-down costs, $28 million related to the non-cash impairment of the Health Enterprise software and $14 million for the write-off of deferred contract set-up and transition costs and other related assets and liabilities.

At this time, we believe we have recorded our best estimate of the financial statement impact associated with the NY MMIS contract developments; however, our estimate of the financial statement impact is subject to change once the matter is settled with the State of New York.

As a result of the significant impact of the NY MMIS charge on our reported revenues, earnings and key metrics for the period, we also discuss our results excluding the impact of these charges. These adjusted results are noted as “adjusted” in the discussion below. Refer to the “Non-GAAP Financial Measures” section for a reconciliation and explanation of these non-GAAP financial measures.

Significant 2015 Charges

Health Enterprise Charge

Late in the third quarter of 2015, we determined that we would not fully complete the Health Enterprise Medicaid platform implementation projects in California and Montana. However, we would continue to process Medicaid claims using existing legacy systems in those states, thus providing uninterrupted service for the states' healthcare providers and constituents.

This determination resulted in recording a pre-tax charge (HE charge) of $389 million ($237 million after-tax) in 2015. The charge included $116 million for the write-off of contract receivables (primarily non-current), $34 million related to the non-cash impairment of the HE software and deferred contract set-up transition costs and $23 million for other related assets and liabilities. The remainder of the charge was primarily related to settlement costs including payments to subcontractors resulting in cash outflows in future quarters. Of the $389 million charge, $116 million was recorded as a reduction to revenues and the remaining $273 million was recorded to Cost of outsourcing. This development followed the Government Healthcare strategy change announced in July 2015, regarding our decision to focus our future HE implementations on current Medicaid customers and to discontinue investment in and sales of the Xerox Integrated Eligibility System. This change in strategy resulted in pre-tax non-cash software platform impairment charges of $146 million ($89 million after-tax) in the second quarter 2015.

As a result of the significant impact of the HE charge and the software impairment charges on our reported revenues, earnings and key metrics for the period, we are also discussing our results excluding the impact of these charges. These adjusted results are noted as “adjusted” in the discussion below. Refer to the "Non-GAAP Financial Measures" section for a reconciliation and explanation of these non-GAAP financial measures.

Divestitures

In December 2014 , we announced an agreement to sell our Information Technology Outsourcing (ITO) business to Atos SE and began reporting it as a Discontinued Operation. The sale was completed on June 30, 2015. Refer to Note 4 - Divestitures in our Consolidated Financial Statements for additional information.

Financial Overview

Total revenues of $6.4 billion for the year ended December 31, 2016, decreased 4%, with a 1-percentage point negative impact from currency, as compared to 2015. On an adjusted [1] basis, excluding the NY MMIS charge, total revenues decreased 4% with a 1-percentage point negative impact from currency, resulting from declines in Commercial Industries and Healthcare. Operating margin [1] of 5.5% improved 0.7-percentage points as compared to 2015, reflecting cost and productivity improvements, including benefits from our strategic transformation program, as well as lower expenses from our decision to refocus our Government Healthcare business.

2016 Net loss was $983 million for the year ended December 31, 2016. The increase in loss is primarily due to the Goodwill impairment charge, the NY MMIS charge and profit declines in Commercial Industries, partially offset by profit increases in the Public Sector and Healthcare and the inclusion of the pre-tax HE charge of $389 million in 2015.

Cash flow from operations was $108 million for the year ended December 31, 2016 as compared to $493 million in 2015 . The decrease in operating cash flow was primarily due to HE settlement payments, reduced factoring and timing of collections of accounts receivable, restructuring and separation payments. Cash provided by investing activities of $16 million primarily reflects the payments received on related party notes receivables, primarily offset by cost of additions to land, building and equipment and internal use software. Cash provided by financing activities was $132 million, primarily reflecting $1,902 million for proceeds on issuance of debt, $1,132 million of net payments on related party notes payable and $588 million for transfers to Xerox.

During 2016 we began a three-year transformation program targeting cumulative cost savings of $700 million from across the business. Focus areas of the program include increasing the use of automation across service delivery solutions, improving employee utilization, reducing attrition, utilizing our global delivery network more efficiently, updating our legacy IT infrastructure and reducing spend on third-party IT vendors, achieving efficiencies in procurement, and remediating under-performing contracts. We are on track to achieve these cumulative savings through 2018.

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(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

2017 Outlook

Revenues - For 2017, we expect total revenues to decline similar to 2016 levels with stabilization in 2018 and building growth momentum later in the year.

Investments - We plan to balance investments in the business with margin expansion and will focus on capturing market growth opportunities by aligning our businesses by industry verticals, increasing our salesforce in targeted growth areas, investing in platforms and technology and considering potential acquisitions.

Currency Impact

To understand the trends in our business, we believe that it is helpful to analyze the impact of changes in the translation of foreign currencies into U.S. Dollars on revenue and expenses. We refer to this analysis as “currency impact” or “the impact from currency” or "constant currency". In 2016, 2015 and 2014, this impact is calculated by translating current period activity in local currency using the comparable prior year period's currency translation rate.

Application of Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements and notes thereto. In preparing our Consolidated Financial Statements, we have made our best estimates and judgments of certain amounts included in the Consolidated Financial Statements giving due consideration to materiality. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Senior management has discussed the development and selection of the critical accounting policies, estimates and related disclosures included herein with the Audit Committee of the Board of Directors. We consider these as critical to understanding our Consolidated Financial Statements, as their application places the most significant demands on management's judgment, since financial reporting results rely on estimates of the effects of matters that are inherently uncertain. In instances where different estimates could have reasonably been used, we disclosed the impact of these different estimates on our operations. In certain instances, the accounting rules are prescriptive; therefore, it would not have been possible to reasonably use different estimates. Changes in assumptions and estimates are reflected in the period in which they occur. The impact of such changes could be material to our results of operations and financial condition in any quarterly or annual period.

Specific risks associated with these critical accounting policies are discussed throughout the MD&A, where such policies affect our reported and expected financial results. For a detailed discussion of the application of these and other accounting policies, refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements.

Revenue Recognition

Application of the various accounting principles in U.S. GAAP related to the measurement and recognition of revenue requires us to make judgments and estimates. Complex arrangements with nonstandard terms and conditions may require significant contract interpretation to determine the appropriate accounting. Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies - New Accounting Standards and Accounting Changes - Revenue Recognition in the Consolidated Financial Statements for additional information regarding our revenue recognition policies .

A significant portion of our revenue is recognized based on objective criteria that do not require significant estimates or uncertainties. For example, transaction volumes, time and material and cost reimbursable arrangements are based on specific, objective criteria under the contracts. Accordingly, revenues recognized under these contracts do not require the use of significant estimates that are susceptible to change. Revenue recognized using the percentage-of completion (POC) accounting method does require the use of estimates and judgment as discussed below.

We recognize revenues when we have persuasive evidence of an arrangement, the services have been provided, the transaction price is fixed or determinable and collectability is reasonably assured. During 2016, approximately 81% of our revenue was recognized based on transaction volumes, approximately 7% was recognized on a fixed fee basis (wherein our revenue is earned as we fulfill our performance obligations under the arrangement), approximately 2% was related to cost reimbursable contracts, approximately 4% recognized using POC accounting and the remaining 6% was related to time and material contracts. Our revenue mix is subject to change due to the impact of changing customer requirements, acquisitions, divestitures, new business and lost business.

Revenue Recognition - Percentage-of-Completion : A portion of our revenue (approximately 4%) is recognized using the percentage-of-completion (POC) accounting method. This method requires the use of estimates and judgment. Although not significant to total revenue, the POC methodology is normally applied to certain of our larger and longer term outsourcing contracts involving system development and implementation, primarily in government healthcare and certain government transportation contracts. In addition, we had unbilled receivables totaling $279 million and $289 million at December 31, 2016 and 2015 , respectively, representing revenues recognized but not yet billable under the terms of our POC contracts.

The POC accounting methodology involves recognizing probable and reasonably estimable revenue using the percentage of services completed based on a current cumulative cost incurred to estimated total cost basis and a reasonably consistent profit margin over the period. Due to the long-term nature of these arrangements, developing the estimates of cost often requires significant judgment. Factors that must be considered in estimating the progress of work completed and ultimate cost of the projects include, but are not limited to, the availability of labor and labor productivity, the nature and complexity of the work to be performed and the impact of delayed performance. If changes occur in delivery, productivity or other factors used in developing the estimates of costs or revenues, we revise our cost and revenue estimates, which may result in increases or decreases in revenues and costs. Such revisions are reflected in income in the period in which the facts that give rise to that revision become known. We perform ongoing profitability analysis of our POC services contracts in order to determine whether the latest estimates require updating. Key factors reviewed by the company to estimate the future costs to complete each contract are future labor costs, future product costs, expected productivity efficiencies, achievement of contracted milestones and performance goals, as well as potential penalties for milestone and system implementation delays.

If at any time our estimates indicate the POC contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately in cost of services. This results in the contract being recorded at a zero profit margin going forward with recognition of an equal amount of revenues and costs over the remaining contract term. A zero profit margin may also be applied when it is impractical to estimate specific amounts or ranges of contract revenues and costs; however, we can at least determine that we will not incur a loss on a particular contract.

The POC accounting process is particularly complex and challenging for contracts with significant system implementation deliverables due to their significant scope and duration, the highly technical nature of the implementations, the potential for additional costs related to productivity and performance penalties and other delivery factors. Accordingly, based on the significance of these projects, we continually monitor our progress and consider the potential for increased costs as well as risks and uncertainties in our estimates of revenues and costs under the POC accounting methodology. To the extent possible, we attempt to mitigate these risks through operational changes, project oversight and process improvements.

Capitalization of Outsourcing Contract Costs

In connection with our services arrangements, we incur and capitalize costs to originate these long-term contracts and to perform the migration, transition and setup activities necessary to enable us to perform under the terms of the arrangement. Certain initial direct costs of an arrangement are capitalized and amortized over the contractual service period of the arrangement to cost of services. From time to time, we also provide inducements to customers in various forms, including contractual credits, which are capitalized and amortized as a reduction of revenue over the term of the contract. We regularly review costs to determine appropriateness for deferral in accordance with the relevant accounting guidance. Key estimates and assumptions that we must make include projecting future cash

flows in order to assess the recoverability of deferred costs. To assess recoverability, undiscounted estimated cash flows of the contract are projected over its remaining life and compared to the carrying amount of contract related assets, including the unamortized deferred cost balance. Such estimates require judgment and assumptions, which are based upon the professional knowledge and experience of our personnel. Key factors that are considered in estimating the undiscounted cash flows include projected labor costs and productivity efficiencies. A significant change in an estimate or assumption on one or more contracts could have a material effect on our results of operations.

Capitalization of Software Development Costs

We capitalize certain costs incurred to develop commercial software products to be sold, leased or otherwise marketed after establishing technological feasibility, and we capitalize costs to develop or purchase internal-use software. Significant estimates and assumptions include: determining the appropriate period over which to amortize the capitalized costs based on estimated useful lives, estimating the marketability of the commercial software products and related future revenues and assessing the unamortized cost balances for impairment. For commercial software products, determining the appropriate amortization period is based on estimates of future revenues from sales of the products. We consider various factors to project marketability and future revenues, including an assessment of alternative solutions or products, current and historical demand for the product, and anticipated changes in technology that may make the product obsolete. For internal-use software, the appropriate amortization period is based on estimates of our ability to utilize the software on an ongoing basis. To assess the recoverability of capitalized software costs, we consider estimates of future revenue, costs and cash flows. Such estimates require assumptions about future cash inflows and outflows, and are primarily based on the historical experience and expectations regarding future revenues. A significant change in an estimate related to one or more software products could result in a material change to our results of operations.

Refer to Note 6—Land, Buildings, Equipment and Software, Net in the Consolidated Financial Statements for additional information regarding capitalized software costs.

Business Combinations

The accounting for business combinations requires the use of significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in order to properly allocate the purchase price consideration between assets that are depreciated and amortized from goodwill. Our estimates of the fair values of assets and liabilities acquired are based upon assumptions believed to be reasonable and, when appropriate, include assistance from independent third-party valuation firms.

Refer to Note 3 - Acquisitions in the Consolidated Financial Statements for additional information regarding the allocation of the purchase price consideration for our acquisitions.

We are primarily a service business, which normally has a lower level of tangible assets; therefore, our acquisitions typically result in significant amounts of goodwill and other intangible assets. These assets affect the amount of future period amortization expense and possible expense we could incur as a result of an impairment. Acquired intangible assets are primarily related to customer relationships. There were no acquisitions in 2016. Acquired intangible assets and goodwill were $1.1 billion at December 31, 2016.

Refer to Note 7 - Goodwill and Intangible Assets in the Consolidated Financial Statements for additional information regarding our goodwill and intangible assets.

Intangible Assets

The fair values of identifiable intangible assets are primarily estimated using an income approach. These estimates include market participant assumptions and require projected financial information, including assumptions about future revenue growth and costs necessary to facilitate the projected growth. Other key inputs include assumptions about technological obsolescence, customer attrition rates, brand recognition, the allocation of projected cash flows to identifiable intangible assets and discount rates. We regularly review intangible assets with finite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and
- significant negative industry or economic trends.

When we determine that the carrying value of intangibles and long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of potential impairment, we assess whether an impairment has

occurred based on whether net book value of the assets exceeds the related projected undiscounted cash flows from these assets. We consider a number of factors, including past operating results, budgets, economic projections, market trends and product development cycles in estimating future cash flows. Differing estimates and assumptions as to any of the factors described above could result in a materially different impairment charge, if any, and thus materially different results of operations.

Goodwill

Goodwill is not amortized but rather is tested for impairment annually or more frequently if an event or circumstance indicates that an impairment may have been incurred. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors, supply costs, unanticipated competitive activities and acts by governments and courts.

Application of the annual goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and the assessment- qualitatively or quantitatively - of the fair value of each reporting unit against its carrying value. We determined that our reporting units were the same as our operating segments and, therefore, our business is comprised of three reporting units with goodwill balances. Our annual impairment test of goodwill was performed in the fourth quarter of 2016 . Given the risk of an impairment of our Commercial Industries reporting unit, we determined to utilize a quantitative assessment of the recoverability of our goodwill balances for each of our reporting units.

In our quantitative test, we estimate the fair value of each reporting unit by weighting the results from the income approach (discounted cash flow methodology) and market approach. These valuation approaches require significant judgment and consider a number of factors that include, but are not limited to, expected future cash flows, growth rates and discount rates and comparable multiples from publicly traded companies in our industry. In addition, we are required to make certain assumptions and estimates regarding the current economic environment, industry factors and the future profitability of our businesses.

When performing our discounted cash flow analysis for each reporting unit, we incorporate the use of projected financial information and discount rates that are developed using market participant-based assumptions. The cash-flow projections are based on three-year financial forecasts developed by management that include revenue and expense projections, restructuring and strategic transformation activities, capital spending trends and investment in working capital to support anticipated revenue growth or other changes in the business. The selected discount rates consider the risk and nature of the respective reporting units' cash flows, appropriate capital structure and rates of return that market participants would require to invest their capital in our reporting units.

We believe these assumptions are appropriate and reflect our forecasted long-term business model and give appropriate consideration to our historical results as well as the current economic environment and markets that we serve. The average discount rate applied to our projected cash flows for our Commercial Industries reporting unit was approximately 16% and 9.5% was used for both the Public Sector and Healthcare reporting units, which we considered reasonable based on the estimated capital costs of applicable market participants.

Our impairment assessment methodology includes the use of outside valuation experts and the inclusion of factors and assumptions related to third-party market participants. When performing our market approach for each reporting unit, we rely specifically on the guideline public company method. Our guideline public company method incorporates revenues and earnings multiples from publicly traded companies with operations and other characteristics similar to each reporting unit. The selected multiples consider each reporting unit’s relative growth, profitability, size and risk relative to the selected publicly traded companies.

After completing our annual impairment review for each reporting unit in the fourth quarter of 2016 , based on our quantitative assessments, we concluded that the fair value of our Commercial Industries reporting unit was less than its carrying value by approximately 53% , indicating an impairment. Accordingly, we preformed the next step based on Step 2 of the impairment assessment process, which resulted in our recording a pre-tax goodwill impairment charge of $935 during the fourth quarter of 2016, which is separately presented in the Consolidated Statements of Income (Loss). Our Healthcare and Public Sector reporting units passed Step 1 of the impairment test with fair value exceeded carrying value by approximately 19% and 14% , respectively.

Refer to Note 7 - Goodwill and Intangible Assets, Net in the Consolidated Financial Statements for additional information regarding goodwill by reportable segment and the 2016 goodwill impairment charge.

Restructuring and Asset Impairments

We have engaged in restructuring actions, which require management to estimate the timing and amount of severance and other employee separation costs for workforce reduction, the fair value of assets made redundant or obsolete and the fair value of lease cancellation and other exit costs. We accrue for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements.

For a full description of our restructuring actions, refer to our discussions of restructuring in the MD&A and in Note 8—Restructuring Programs and Asset Impairment Charges in the Consolidated Financial Statements.

Income Taxes

We are subject to income taxes in the United States and numerous foreign jurisdictions. The determination of our provision for income taxes requires significant judgment, the use of estimates and the interpretation and application of complex tax laws. Our provision is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, our provision will change based on discrete or other nonrecurring events such as audit settlements, tax law changes, changes in valuation allowances, and etc., that may not be predictable. In the event that there is a significant unusual or one-time item recognized in our operating results, the taxes attributable to that item would be separately calculated and recorded at the same time as an unusual or one-time item.

We record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in our Consolidated Balance Sheets, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines in each tax jurisdiction regarding the recoverability of any tax assets recorded in our Consolidated Balance Sheets and provide valuation allowances as required. We regularly review our deferred tax assets for recoverability considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. Gross deferred tax assets of $360 million and $414 million had valuation allowances of $24 million and $38 million at December 31, 2016 and 2015, respectively.

We are subject to ongoing tax examinations and assessments in various jurisdictions. Accordingly, we may incur additional tax expense based upon our assessment of the more-likely-than-not outcomes of such matters. In addition, when applicable, we adjust previously recorded tax expense to reflect examination results. Our ongoing assessments of the more-likely-than-not outcomes of examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate, as well as impact our operating results. Unrecognized tax benefits were $14 million, $24 million and $32 million at December 31, 2016, 2015 and 2014, respectively.

Refer to Note 14—Income Taxes in the Consolidated Financial Statements for additional information regarding deferred income taxes and unrecognized tax benefits.

Loss Contingencies

We are currently involved in various claims and legal proceedings. At least quarterly, we review the status of each significant matter and assess its potential financial exposure considering all available information including, but not limited to, the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events pertaining to a particular matter. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure is reasonably estimable. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes available, we reassess the potential liability related to pending claims and litigation, and may revise estimates. These revisions in the estimates of the potential liabilities could have a material impact on the results of operations and financial position.

Refer to Note 15—Contingencies and Litigation in the Consolidated Financial Statements for additional information regarding loss contingencies.

Revenue Results Summary

Total Revenue

Revenue for the three years ended December 31, 2016 was as follows:

	Revenues			% Change		CC % Change	
(in millions)	2016	2015	2014	2016	2015	2016	2015
Total Revenues	$ 6,408	$ 6,662	$ 6,938	(4)%	(4)%	(3)%	(2)%
Adjusted Total Revenues [1]	$ 6,491	$ 6,778	$ 6,938	(4)%	(2)%	(3)%	— %

CC - Refer to the "Non-GAAP Financial Measures" section for description of Constant Currency
(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of this non-GAAP financial measure.

Revenue 2016

Total revenues decreased 4% compared to the prior year with a 1-percentage point negative impact from currency. On an adjusted [1] basis, excluding the NY MMIS charge, total revenue decreased 4% with a 1-percentage point negative impact from currency. Overall non-U.S. revenues represented approximately 11% of total revenues (Pound Sterling-denominated revenues represented approximately 2% of total revenues).

The decline was driven by lower volumes, delayed ramping of new business and contract exits, primarily in customer care contracts within our Commercial Industries and Healthcare segments, the run off of our Student Loan business and overall price declines that were consistent with prior-period trends. Partially offsetting these declines were new contracts in the Public Sector.

Revenue 2015

Total revenues decreased 4% compared to 2014 with a 2-percentage point negative impact from currency. On an adjusted [1] basis, excluding the HE charge, total revenues decreased 2%, with a 2-percentage point negative impact from currency. The negative impact from currency reflects the significant weakening of our major foreign currencies against the U.S. dollar as compared to prior year.

The decline in total revenues was primarily driven by the run-off of the Student Loan business, the termination of the Texas Medicaid contract and the impact of our determination in the third quarter of 2015 to not fully complete the HE platform implementations in California and Montana, which combined had approximately a 4.8-percentage point negative impact on revenue growth. Offsetting this decline was moderate acquisition contribution and organic growth in several lines of business, net of the impacts from lost business and lower pricing that were consistent with prior trends.

(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Costs, Expenses and Other Income

Summary of Key Financial Ratios

	Year Ended December 31,			Change B/(W)		Adjusted [1]		Adjusted [1] B/(W)	
	2016	2015	2014	2016	2015	2016	2015	2016	2015
Total Gross Margin	14.2 %	10.3 %	16.4%	3.9 pts	(6.1) pts	16.5%	15.8%	0.7 pts	(0.6) pts
R&D as a % of Revenue	0.5 %	0.8 %	0.7%	0.3 pts	(0.1) pts	0.5%	0.8%	0.3 pts	(0.1) pts
SAG as a % of Revenue	10.7 %	10.5 %	9.5%	(0.2) pts	(1.0) pts	10.6%	10.3%	(0.3) pts	(0.8) pts
Pre-tax Income Margin	(19.1)%	(8.6)%	0.1%	(10.5) pts	(8.7) pts	4.8%	3.7%	1.1 pts	3.6 pts
Operating Margin [2]	3.0 %	(1.0)%	6.2%	4.0 pts	(7.2) pts	5.5%	4.8%	0.7 pts	(1.6) pts

(1) Refer to Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.
(2) Refer to the Operating Income/Margin reconciliation table in the "Non-GAAP Financial Measures" section.

Pre-tax Income Margin

Pre-tax income margin for year ended December 31, 2016 of (19.1)% decreased 10.5-percentage points as compared to 2015. The decline was primarily driven by the NY MMIS charge, the Goodwill impairment charge and higher separation costs. Pre-tax income was also impacted by higher amortization of intangible assets.

Pre-tax income margin for the year ended December 31, 2015 of (8.6)% declined by 8.7-percentage points primarily due to the HE charge of $389 million, previously discussed, as well as higher Restructuring and related costs primarily as a result of the software impairment charge in our Government Healthcare business of $146 million. In addition, a 0.6-percentage point decrease in gross margin and a 0.8-percentage point increase in SAG as a percent of revenue reflecting targeted resource and other investments as well as higher costs associated with our HE platform implementations, prior to the implementation of the Government Healthcare strategy change noted above. The negative impacts were partially offset by restructuring savings and productivity improvements as well as lower related party interest expense and lower other expenses, net.

Pre-tax income margin includes the goodwill impairment, NY MMIS charge, amortization of intangible assets, related party interest, net, other expenses, net, restructuring and related costs and separation costs, all of which are separately discussed in subsequent sections. Operating margin excludes these items.

Operating Margin

Operating margin [1] for the year ended December 31, 2016 of 5.5% increased 0.7-percentage points as compared to 2015 . The increase was driven by an improvement in gross margin due to transformation savings, reduced costs in our HE platform implementations as well as more favorable line-of-business mix. As noted above, the operating margin contains an allocation for management cost and corporate support services totaling $165 million, $170 million and $175 million for each of the three years ended December 31, 2016.

Operating margin [1] for the year ended December 31, 2015 of 4.8% decreased 1.6-percentage points as compared to 2014. The decline was driven primarily by a 0.6-percentage point decrease in gross margin and a 0.8-percentage point increase in SAG as a percent of revenue. The operating margin decline was driven by targeted resource and other investments as well as higher costs associated with our HE platform implementations, prior to the implementation of the change in strategy in our Government Healthcare business noted above. These negative impacts were partially offset by restructuring savings and productivity improvements.

(1) Refer to the Operating Income/Margin reconciliation table and the "Non-GAAP Financial Measures" section.

Gross Margins

Gross margin for the year ended December 31, 2016 of 14.2% increased 3.9-percentage points compared to 2015. On an adjusted [1] basis, gross margin of 16.5% increased by 0.7-percentage points as compared to 2015. The increase reflected restructuring and productivity improvements, benefits from lower expenses associated with our HE platform implementations and favorable line-of-business mix. These benefits were partially offset by continued margin pressures in our customer care service offerings, lower profitability in our Student Loan business and price declines.

Total gross margin for the year ended December 31, 2015 of 10.3% decreased 6.1-percentage points as compared to 2014. On an adjusted [1] basis, gross margin of 15.8% decreased by 0.6-percentage points as compared to 2014. Targeted resource and other investments, impacts from unfavorable line-of-business mix, increased expenses associated with our HE platform implementations, prior to the change in strategy in our Government Healthcare business noted above, and price declines were partially offset by productivity improvements and restructuring benefits.

Additional analysis of the change in gross margin for each business segment is included under "Operations Review of Segment Revenue and Profit" below.

(1) Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.

Research & Development Expenses (R&D)

R&D as a percentage of revenue of 0.5% for the year ended December 31, 2016 decreased 0.3-percentage points on an actual and adjusted [1] basis compared to 2015. The decrease was due primarily to lower R&D program spending and the benefits from ongoing restructuring. R&D expense of $31 million for the year ended December 31, 2016 decreased $21 million compared to the prior year period.

R&D as a percent of revenue for the year ended December 31, 2015 of 0.8% increased 0.1-percentage points on an actual and adjusted [1] basis compared to 2014. R&D expense of $52 million for the year ended December 31, 2015 was $6 million higher than the prior year period driven by investments in new offerings and capabilities.

(1) Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.

Selling, Administrative and General Expenses (SAG)

SAG as a percentage of revenue of 10.7% for the year ended December 31, 2016, increased 0.2-percentage points compared to the prior year period. On an adjusted [1] basis, SAG increased 0.3-percentage points, as benefits from restructuring and cost initiatives were more than offset by the decline in total revenues and higher expenses due to favorable prior-year compensation adjustments.

SAG of $686 million for the year ended December 31, 2016, was $13 million lower than 2015 and reflected the following:

- $24 million decrease in selling expenses;
- $11 million increase in general and administrative expenses; and
- bad debt expense of $4 million was flat as compared to the prior year and less than one percent of receivables.

SAG as a percent of revenue of 10.5% for the year ended December 31, 2015, increased 1.0-percentage points as compared to 2014. On an adjusted [1] basis, SAG as a percentage of revenue of 10.3% increased 0.8-percentage points from 2014. The increase was driven by revenue declines and targeted resource and other investments partially offset by productivity improvements.

SAG expenses of $699 million for the year ended December 31, 2015 were $40 million higher than the prior year period. The increase in SAG expense reflects the following:

- $26 million increase in general and administrative expenses; and
- $14 million increase in selling expenses.

(1) Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.

Restructuring and Related Costs

During the year ended December 31, 2016 , we recorded net restructuring and related costs of $101 million, including $28 million of costs primarily related to professional support services associated with the implementation of the strategic transformation program. The remaining costs of $73 million included the following:

- $67 million of severance costs related to headcount reductions of approximately 3,600 employees globally. The actions impacted several functional areas and focused on gross margin improvements;
- $7 million for lease termination costs, primarily reflecting continued optimization of our worldwide operating locations; and
- $12 million of asset impairment charges.

The above charges were partially offset by $13 million of net reversals for changes in estimated reserves from prior period initiatives.

During the year ended December 31, 2015, we recorded net restructuring and related costs of $159 million that included the following:

- $20 million of severance costs related to headcount reductions of approximately 1,000 employees globally. These actions impacted several functional areas and focused on gross margin improvements;
- $1 million for lease termination costs, primarily reflecting continued optimization of our worldwide operating locations; and

- $146 million of asset impairment charges associated with software asset impairments resulting from the change in strategy in our Government Healthcare business in 2015.

The above charges were partially offset by $8 million of net reversals for changes in estimated reserves from prior period initiatives.

Restructuring Summary
The restructuring reserve balance as of December 31, 2016 for all programs was $21 million, of which approximately $18 million is expected to be spent over the next twelve months. In 2017, we expect to incur additional restructuring charges of approximately $75 million pre-tax.

Refer to Note 8 - Restructuring Programs and Asset Impairment Charges in the Consolidated Financial Statements for additional information regarding our restructuring programs.

Amortization of Intangible Assets

During the year ended December 31, 2016, we recorded $280 million of expense related to the amortization of intangible assets, which is $30 million higher than the prior year primarily due to the write-off of certain trade-names associated with prior acquisitions.

During the year ended December 31, 2015, we recorded $250 million of expense related to the amortization of intangible assets, which was flat compared to the prior year reflecting the increase in acquisitions in 2014.

Refer to Note 7 - Goodwill and Intangible assets, Net in the Consolidated Financial Statements for additional information regarding our intangible assets.

Goodwill Impairment

Our Commercial Industries reporting unit experienced declining operating results in 2016, including a weak 2016 fourth quarter versus expectations. As a result and in consideration of other factors, in performing our annual impairment test during the fourth quarter of 2016, we determined that the Commercial Industries reporting unit goodwill was impaired by approximately $935 million. Refer to Note 7 - Goodwill and Intangible assets, Net in the Consolidated Financial Statements for additional information regarding the Goodwill impairment charge.

Separation Costs

Separation costs are primarily for 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, such as those related to human resources, brand management, real estate and information management to the extent not capitalized. Separation costs also include the costs associated with bonuses and restricted stock grants awarded to employees for retention through the separation.

Related-Party Interest Expense, Net

Related-party interest expense for the year ended December 31, 2016 of $26 million was $35 million lower than the prior year primarily due to the capitalization of certain related party notes payable in 2015, as a result of the proceeds received from the sale of the ITO business.

Refer to Note 20 - Related Party Transactions and Former Parent Company Investment in the Consolidated Financial Statements for additional information.

Other Expenses, Net

(in millions)	Year Ended December 31, 2016	2015	2014
Third-party interest expense	$ 14	$ 8	$ 11
Gains on sales of businesses and assets [1]	2	(1)	(1)
Currency (gains) losses, net	(2)	4	(1)
Litigation matters	40	18	38
Deferred compensation investment (gains) losses	(8)	1	(7)
Contingent consideration adjustment	(12)	—	—
All other expenses, net	—	8	5
Total Other Expenses, Net	$ 34	$ 38	$ 45

(1) Excludes the loss on sale of the ITO business reported in Discontinued Operations. Refer to Note 4 - Divestitures in the Consolidated Financial Statements for additional information.

Third-party Interest Expense: Represents interest on senior notes and capital lease obligations.

Refer to Note 10 - Debt in the Consolidated Financial Statements for additional information regarding third-party interest expense.

Currency (Gains) Losses, Net: Currency (gains) losses, net primarily result from the re-measurement of foreign currency-denominated assets and liabilities, the cost of hedging foreign currency-denominated assets and liabilities and the mark-to-market of foreign exchange contracts utilized to hedge those foreign currency-denominated assets and liabilities.

Litigation Matters: Litigation matters reflect probable losses and reserves for various legal matters.

Refer to Note 15 - Contingencies and Litigation, in the Consolidated Financial Statements for additional information regarding litigation against the Company.

Deferred Compensation Investment (Gains) Losses **:** Represents (gains) losses on investments supporting certain of our deferred compensation arrangements. These gains or losses are offset by an increase or decrease in compensation expense recorded in SAG as a result of the increase or decrease in the liability associated with these arrangements.

Contingent Consideration Adjustment : Represents an adjustment for settlements related to prior years acquisition earnout.

Income Taxes

The 2016 effective tax rate was 19.9%. This rate was lower than the U.S. statutory tax rate of 35% primarily as a result of pre-tax losses in the U.S. due to the following charges: goodwill impairment, NY MMIS, restructuring and related costs, amortization of intangible assets and separation costs, including tax-related separation costs discussed below. The U.S. pre-tax losses are taxed at a higher rate than our foreign pre-tax income, which can have the effect of increasing the overall effective tax rate above the statutory tax rate. However, since only $272 million of the $935 million Goodwill impairment charge is deductible for U.S. federal income tax purposes, which results in a decreased U.S. pre-tax loss, this has made our effective tax rate lower than the statutory tax rate. On an adjusted [1] basis, the 2016 effective tax rate, which excludes the tax effects of the previously noted charges, was 29.0%. This rate was lower than the U.S. statutory tax rate primarily due to the geographical mix of our earnings and differences in the tax rates at which our earnings are taxed as well as the redetermination of certain unrecognized tax positions upon conclusion of several audits.

The 2015 effective tax rate was 41.5%. This rate was higher than the U.S. statutory tax rate of 35% primarily due to our geographical mix of earnings which included pre-tax losses in the U.S. due to the following charges: restructuring and related costs, amortization of intangible assets, and the HE charge. The U.S. pre-tax losses are taxed at a higher rate than our foreign pre-tax income, which has the effect of increasing the overall effective tax rate above the statutory tax rate. On an adjusted [1] basis, the 2015 effective tax rate was 31.5%, which excludes the tax effect of the previously noted charges. This rate was lower than the U.S. statutory tax rate primarily due to the geographical mix of our earnings and differences in the tax rates at which our earnings are taxed.

The 2014 effective tax rate was (240)%. This rate was lower than the U.S. statutory tax rate of 35% primarily due to our geographical mix of earnings which included pre-tax losses in the U.S. due to the following charges: amortization of intangibles, restructuring and related costs. The U.S. pre-tax losses are taxed at a higher rate than our foreign pre-tax income, which has the effect of increasing the overall effective tax rate above the statutory tax rate. On an adjusted [1] basis, the 2014 effective tax rate was 28.6%, which was lower than the U.S. statutory tax rate primarily due to the redetermination of certain unrecognized tax positions and partially offset by the geographical mix of our earnings and differences in the tax rates at which our earnings are taxed.

Tax-related Separation Costs

As a result of the execution of the separation, it has been determined that approximately $37 million of the $44 million separation costs will be deducted on the 2016 U.S. federal income tax return. The remaining approximately $7 million is non-deductible.

In connection with the legal separation of the company, we have completed certain internal reorganizations of, and transactions among, our wholly-owned subsidiaries and operating activities in preparation for the legal form of separation. Although we believe that, for the most part, these reorganizations were completed in a tax-free manner, we incurred incremental income tax expense associated with certain elements of the reorganizations. Accordingly, for the year-to-date period of 2016, we recorded $10 million in connection with these internal reorganizations.

(1) See the "Non-GAAP Financial Measures" section for an explanation of the adjusted effective tax rate non-GAAP financial measure.

Net Loss From Continuing Operations

Net loss from continuing operations for the year ended December 31, 2016 was $983 million, or $(4.85) per diluted share. On an adjusted [1] basis, net income from continuing operations was $223 million, or $1.06 per diluted share, and reflects the adjustments for the goodwill impairment, amortization of intangible assets and restructuring and related charges.

Net loss from continuing operations for the year ended December 31, 2015 was $336 million, or $(1.65) per diluted share. On an adjusted [1] basis, net income was $174 million, or $0.83 per diluted share, and included adjustments for the amortization of intangible assets, restructuring and related charges, software impairment and the HE charge.

Net income from continuing operations for the year ended December 31, 2014 was $34 million, or $0.17 per diluted share. On an adjusted [1] basis, net income was $225 million, or $1.07 per diluted share, and included adjustments for the amortization of intangible assets and restructuring and related charges.

(1) See the "Non-GAAP Financial Measures" section for a reconciliation of reported net income from continuing operations to adjusted net income.

Discontinued Operations

There were no Discontinued Operations in 2016.

Discontinued operations are primarily related to our sale of the ITO business. As previously noted, in the fourth quarter 2014, we announced an agreement to sell the ITO business to Atos SE and began reporting it as a Discontinued Operation. The sale was completed on June 30, 2015.

Refer to Note 4 - Divestitures in the Consolidated Financial Statements for additional information regarding Discontinued Operations.

Other Comprehensive Loss

Other comprehensive loss was $155 million in 2016 as compared to a loss of $52 million in 2015. The increase in loss of $103 million was primarily due to the net losses from translation adjustments related to the separation of the company from Xerox. Translation losses in 2016 were $135 million compared to losses of $60 million in 2015.

Other comprehensive loss was $52 million in 2015 as compared to a loss of $71 million in 2014 . The reduction in the loss of $19 million was primarily due to the net gains from changes in defined benefit plans of $7 million in 2015 as compared to losses of $25 million in 2014 . This change is largely due to an increase in discount rates in 2015 versus a decrease in discount rates in 2014 and the corresponding impact on our defined benefit obligation (decrease in 2015 versus an increase in 2014). The improvement in defined benefit plans was offset by increased

losses from translation adjustments of $16 million in 2015. Translation losses in both 2015 and 2014 reflect the weakening of our major foreign currencies as compared to the U.S. Dollar.

Worldwide Employment

Worldwide employment of approximately 96,000 as of December 31, 2016 decreased by approximately 7,800 from December 31, 2015, due primarily to lower volumes and the impact of the strategic transformation initiatives, as well as seasonal reductions, partially offset by additions from ramping new business. Worldwide employment was approximately 103,800 and 97,200 at December 2015 and 2014, respectively.

Recent Accounting Pronouncements

Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in the Consolidated Financial Statements for a description of recent accounting pronouncements including the respective dates of adoption and the effects on results of operations and financial conditions.

Operations Review of Segment Revenue and Profit

Our reportable segments correspond to how we organize and manage the business and are aligned to the industries in which our clients operate: Commercial Industries, Healthcare and Public Sector. Revenues by segment for the three years ended December 31, 2016 were as follows:

(in millions)	Total Revenue	% of Total Revenue	Segment Profit (Loss)	Segment Margin
2016				
Commercial Industries	$ 2,690	42%	$ 59	2.2 %
Healthcare	1,686	26%	159	9.4 %
Public Sector	1,731	27%	223	12.9 %
Other	301	5%	(245)	(81.4)%
Total	$ 6,408	100%	$ 196	3.1 %
Adjusted: (1)				
Other	$ 384	6%	$ (84)	(21.9)%
Total	$ 6,491	100%	$ 357	5.5 %
2015				
Commercial Industries	$ 2,896	44%	$ 69	2.4 %
Healthcare	1,750	26%	157	9.0 %
Public Sector	1,727	26%	200	11.6 %
Other	289	4%	(489)	*
Total	$ 6,662	100%	$ (63)	(0.9)%
Adjusted: (1)				
Other	$ 405	6%	$ (100)	(24.7)%
Total	$ 6,778	100%	$ 326	4.8 %
2014				
Commercial Industries	$ 2,953	43%	$ 152	5.1 %
Healthcare	1,743	25%	138	7.9 %
Public Sector	1,767	25%	206	11.7 %
Other	475	7%	(49)	(10.3)%
Total	$ 6,938	100%	$ 447	6.4 %

**Percentage not meaningful*
(1) Refer to the reconciliations table in the "Non-GAAP Financial Measures" section.

Commercial Industries Segment

Revenue 2016

Commercial Industries revenue of $2,690 million for the year ended December 31, 2016 was 42% of total revenues and decreased 7% from 2015. The decline was driven by lost business, lower volumes in our customer care offerings and reduced level of project work as a result of fewer large cases in our litigation services offering, negative impacts from currency and strategic contract exits. Partially offsetting the decline were benefits from ramping new contracts, primarily in our high-tech business area.

Segment Margin 2016

Commercial Industries segment margin of 2.2% for the year ended December 31, 2016 decreased by 0.2-percentage points from the prior year primarily due to margin pressure in our customer care services offering and reduced project work in our litigation services offering, only partially offset by cost and productivity benefits.

Revenue 2015

Commercial Industries revenue of $2,896 million for the year ended December 31, 2015 was 44% of total revenues and decreased 2% from 2014. The year-over-year decline was driven by the negative impacts from currency and price declines. The decline was partially offset by revenues from acquisitions as well as increased project-related work in our litigation services offering. In addition, within our customer care services offering, lost business was offset by ramping new contracts.

Segment Margin 2015

Commercial Industries segment margin of 2.4% for the year ended December 31, 2015, decreased by 2.7-percentage points from the prior year primarily due to margin pressure in our customer care offering, investments in sales and managerial resources to improve our operating performance over time, as well as the impacts of price declines.

Healthcare Segment

Revenue 2016

Healthcare revenue of $1,686 million for the year ended December 31, 2016, was 26% of total revenues and decreased 4% from the prior year with negligible impact from currency. The decline was driven by lost business and lower volumes in our customer care offering on the payer side, partially offset by ramping new business and moderating acquisition contribution.

Segment Margin 2016

Healthcare segment margin of 9.4% for the year ended December 31, 2016 increased 0.4-percentage points from the prior year primarily due to overall benefits from cost and productivity initiatives and from actions to improve profitability which more than offset margin pressures in our customer care service offering and the impacts of lost business and lower volumes.

Revenue 2015

Healthcare revenue of $1,750 million for the year ended December 31, 2015 was 26% of total revenues and remained flat from the prior year with a negligible impact from currency. Moderate acquisition contribution and organic growth in commercial payers offset the impacts from the loss of the Texas Medicaid contract and lower project-related work in commercial providers.

Segment Margin 2015

Healthcare segment margin of 9.0% for the year ended December 31, 2015 increased 1.1-percentage points from the prior year as improvements in Government Healthcare, including the prior year Nevada HIX impairment, more than offset margin declines on the commercial side driven in part by line of business mix and investments.

Public Sector Segment

Revenue 2016

Public Sector revenue of $1,731 million for the year ended December 31, 2016 was 27% of total revenues and was flat compared to the prior year as growth from ramping new business was offset by lower volumes and lost business in State Government Services.

Segment Margin 2016

Public Sector segment margin of 12.9% for the year ended December 31, 2016 increased 1.3-percentage points from the prior year, due to cost and productivity improvements and improved performance in our transportation offering, partially offset by the impact of lost business in state government services.

Revenue 2015

Public Sector revenue of $1,727 million for the year ended December 31, 2015 was 26% of total revenues and decreased 2% from the prior year. Negative impacts from currency and declines in federal services more than offset growth in state and transportation services.

Segment Margin 2015

Public Sector segment margin of 11.6% for the year ended December 31, 2015 decreased 0.1-percentage point from the prior year as improvements in federal and state services were more than offset by modest declines in transportation services.

Other

Revenue 2016

Other revenue of $301 million for the year ended December 31, 2016 was 5% of total revenue and decreased 5% on an adjusted [1] basis compared to the prior year. The decline was driven by the continued run-off of the Student Loan business and our prior-year decision to not complete the HE implementations in California and Montana.

Segment Loss 2016

Other loss of $245 million for the year ended December 31, 2016, improved $244 million from the prior year. On an adjusted [1] basis, Other loss decreased $16 million, partially offset by improvements in HE platform implementation expenses resulting from the refocusing of our Government Healthcare business in 2015 and the decision to not fully complete the HE platform implementation in California and Montana.

Revenue 2015

Other revenue of $289 million for the year ended December 31, 2015 decreased 39% from the prior year, with no impact from currency. On an adjusted [1] basis, Other revenue of $405 million was 6% of total revenue and decreased 15% compared to the prior year. The decline was primarily driven by the Student Loan business run-off and the impact of our determination in the third quarter of 2015 to not fully complete the HE platform implementations in California and Montana.

Segment Loss 2015

Other loss of $489 million for the year ended December 31, 2015 increased $440 million from the prior year. On an adjusted [1] basis, Other loss of $100 million increased $51 million from the prior year primarily due to higher losses in our HE platform implementations, prior to the refocusing of our Government Healthcare business, and lower profit from the declining Student Loan business.

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(1) Refer to the reconciliations table in the "Non-GAAP Financial Measures" section.

Government Healthcare

In February 2017, we determined that it is not probable that the NY MMIS project will be completed. As a result of this determination, we recorded a pre-tax charge of $161 million ($98 million after-tax). The charge included $83 million for the write-off of contract receivables which was recorded as a reduction of revenue and $78 million recorded in cost of outsourcing, including $36 million for the wind down of costs, $28 million non-cash charge for the impairment of software and $14 million for the write-off of deferred contract set-up and transition costs and other related assets and liabilities.

Our HE platform is performing to contractual standards in the states where it has been fully implemented, which include New Hampshire, Alaska and North Dakota. New Hampshire was certified by the Center for Medicare and Medicaid Services in June 2015, we are currently in the process of obtaining certification for the Alaska HE implementation, and are in the planning phase of North Dakota certification.

Metrics

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value (TCV) is the estimated total contractual revenue related to signed contracts.

Signings for the three years ended December 31, 2016 were $6.9 billion, $8.0 billion and $7.3 billion, respectively.

Signings were an estimated $6.9 billion in TCV in 2016 and declined 14% as compared to the prior year, primarily reflecting lower contribution from new business, due in part to our decision not to pursue opportunities with lower margin and return profiles, and the prior year large NY MMIS new business signing. Excluding NY MMIS, TCV declined about 8%.

Signings were an estimated $8.0 billion in TCV in 2015 and increased 8% as compared to the prior year. Growth in 2015 included a 37% increase in new business TCV, which is inclusive of larger contracts such as the Florida Tolling and NY MMIS and was partially offset by lower renewal decision opportunities.

Renewal Rate

Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period. Our 2016 renewal rate of 86% was within our target range of 85%-90%.

Signings and renewal rate reflect, in part, our decision to not pursue opportunities with lower margin and return profiles.

Capital Resources and Liquidity

As of December 31, 2016 and 2015, total cash and cash equivalents were $390 million and $140 million, respectively. There were $1,444 million outstanding borrowings under our Credit Facility and we utilized $17 million of our Revolving Credit Facility capacity to issue letters of credit at December 31, 2016. We also issued $510 million 10.5% Senior Notes due 2024. Refer to the *Capital Market Activity* section below for additional information.

Cash Flow Analysis

The following summarizes our cash flows for the three years ended December 31, 2016 , as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

	Year Ended December 31,			Change	
(in millions)	2016	2015	2014	2016	2015
Net cash provided by operating activities	$ 108	$ 493	$ 665	$ (385)	$ (172)
Net cash provided by (used in) investing activities	16	522	(488)	(506)	1,010
Net cash provided by (used in) financing activities	132	(1,023)	(149)	1,155	(874)
Effect of exchange rate changes on cash and cash equivalents	(6)	(11)	(8)	5	(3)
Increase (decrease) in cash and cash equivalents	250	(19)	20	269	(39)
Cash and cash equivalents at beginning of year	140	159	139	(19)	20
Cash and Cash Equivalents at End of Year	$ 390	$ 140	$ 159	$ 250	$ (19)

Cash Flows from Operating Activities

Net cash provided by operating activities was $108 million for the year ended December 31, 2016. The $385 million decrease in operating cash from 2015 was primarily due to the following:

- $12 million decrease in pre-tax income before depreciation and amortization, loss on sales of business, HE prior year charge, goodwill impairment charge, NY MMIS charge, separation-related costs and restructuring and related charges .
- $233 million decrease due to reduced factoring and timing of collections of accounts receivable in 2016 .
- $136 million decrease reflecting settlement payments associated with our third quarter 2015 determination that we would not fully complete the HE implementations in California and Montana.
- $82 million decrease in accounts payable and accrued compensation primarily due to the timing of payments.
- $44 million decrease for payments for separation-related costs.
- $39 million decrease due to the prior year source of cash in the discontinued ITO business.
- $27 million decrease in restructuring payments as a result of increased restructuring initiatives in 2016 .
- $317 million increase due to lower net income tax payments made in 2016 as a result of receiving refunds of prior year overpayments due to a change in tax treatment of unbilled revenue..
- $21 million increase primarily from lower spending for product software from the refocusing of our Government Healthcare business in 2015.

Net cash provided by operating activities was $493 million for the year ended December 31, 2015. The $172 million decrease in operating cash from 2014 was primarily due to the following:
- $149 million decrease in pre-tax income before depreciation and amortization, gain on sales of businesses and assets, stock-based compensation and restructuring charges as well as the HE charge.
- $128 million decrease from higher income tax payments primarily driven by the tax on the sale of the ITO business.
- $105 million decrease due to the loss of cash flow associated with the ITO business, post-divestiture.
- $167 million increase from accounts receivable primarily due to additional sales of accounts receivable under existing programs, select use of prompt pay discounts and lower revenues.
- $36 million increase from lower spending for product software and up-front costs for outsourcing service contracts.
- $22 million increase in accounts payable and accrued compensation primarily related to the timing our accounts payable.

Cash Flows from Investing Activities

Net cash provided by investing activities was $16 million for the year ended December 31, 2016 . The $506 million decrease in cash from 2015 was primarily due to the following:
- $992 million decrease in proceeds from sales of businesses. The first twelve months of 2016 included a $52 million payment to Atos for final post-closing adjustments associated with the 2015 ITO divestiture. 2015 included $939 million of net proceeds from the sale of the ITO business .
- $3 million increase due to lower capital expenditures (including internal use software) .
- $196 million increase due to lower acquisitions .
- $285 million increase in net payments on related party notes receivable.
- $11 million increase due to payment received on deferred comp investments.

Net cash provided by investing activities was $522 million for the year ended December 31, 2015. The $1,010 million increase in cash from 2014 was primarily due to the following:
- $923 million increase in net proceeds from the sale of businesses, primarily the ITO business. Refer to Note - 4 Divestitures, in the Consolidated Financial Statements for additional information.
- $109 million change from acquisitions. 2015 acquisitions include RSA Medical LLC for $141 million, Intellinex LLC for $28 million, InVentive Patient Access Solutions for $15 million and Healthy Communities Institute Corporation for $13 million. 2014 acquisitions include ISG Holdings, Inc. for $225 million, Invoco Holding GmbH for $54 million, Consilience Software, Inc. for $25 million.
- $31 million due to lower capital expenditures (including internal use software) partly due to the sale of the ITO business.
- $59 million charge due to higher net payments on related party notes receivable.

Capital expenditures (including internal use software) in 2015 and 2014 include $42 million and $107 million, respectively, for our ITO business, which was held for sale and reported as a Discontinued Operation
through June 30, 2015. Refer to Note 4 - Divestitures in the Consolidated Financial Statements for additional information.

Cash Flows from Financing Activities

Net cash provided by financing activities was $132 million for the year ended December 31, 2016 . The $1,155 million increase in the cash from 2015 was primarily due to the following:

- $2.1 billion increase primarily due to proceeds received on third party debt in 2016 ($1.9 billion) and payment of $250 million on Senior Notes in 2015 .
- $1.0 billion decrease due to net payments on related party notes payable .
- $18 million decrease due to escrow related to the separation
- $84 million increase due to net transfers from parent.

Net cash used in financing activities was $1,023 million for the year ended December 31, 2015. The $874 million increase in the use of cash from 2014 was primarily due to the following:

- $636 million decrease due to net transfers to parent.
- $242 million decrease from net debt activity. 2015 reflects payment of $250 million on Senior Notes and net payments of $15 million on capital leases. 2014 reflects net payments of $19 million on capital leases and net payments of $4 million on other debt.
- $9 million decrease from contingent consideration payments for certain acquisitions in 2014.

Sales of Accounts Receivable

Accounts receivable sales arrangements are utilized in the normal course of business as part of our cash and liquidity management. We have financial facilities in the U.S. and Europe that enable us to sell certain accounts receivable without recourse to third parties. The accounts receivable sold are generally short-term trade receivables with payment due dates of less than 60 days. The level of receivable sales and benefits may not be indicative of what we expect going forward as we evaluate our working capital needs.

Refer to Note 5 - Accounts Receivable, Net in the Consolidated Financial Statements for additional information.

Capital Market Activity

Senior Notes : On December 7, 2016 , Xerox Business Services, LLC (XBS) and Conduent Finance, Inc. (CFI), each a wholly owned subsidiary of the Company, issued $510 million 10.5% Senior Unsecured Notes due 2024 (the "Senior Notes"). Interest is payable semi-annually, beginning on June 15, 2017 and debt issuance costs of $17 million were deferred.

The Senior Notes are jointly and severally guaranteed on a senior unsecured basis by the Company and each of the existing and future domestic subsidiaries of CFI or XBS that guarantee the obligations under the Senior Credit Facilities.

Proceeds from the issuance were used to fund a portion of the transfer of cash to Xerox Corporation in connection with the Spin-Off.

Credit Facility: On December 7, 2016 , we entered into a $2.2 billion senior secured credit agreement ("Credit Agreement") among the Company, its subsidiaries XBS, Affiliated Computer Services International B.V. and CFI, the lenders party and JP Morgan Chase Bank, N.A., as the administrative agent. The Credit Agreement contains Senior Secured credit facilities ("Senior Credit Facilities") consisting of:

(i) Senior Secured Term Loan A (Term Loan A) due 2021 with an aggregate principal amount of $700 million ;
(ii) Senior Secured Term Loan B (Term Loan B) due 2023 with an aggregate principal amount of $750 million ;
(iii) Senior Revolving Credit Facility ("Revolving Credit Facility") due 2021 with an aggregate amount of $750 million . The Senior Credit Facilities includes access up to $300 million available for the issuance of letters of credit.

The net proceeds of the borrowings under the Term Loan A and B facilities were used to purchase our international subsidiaries from Xerox Corporation, to pay a distribution to Xerox Corporation and for working capital and other general corporate purposes. At December 31, 2016 we had $1,444 million outstanding borrowings under our Credit Facility and utilized $17 million or our Revolving Credit Facility capacity to issue letters of credit. Debt issuance costs of $39 million were paid and deferred.

In January 2017, we borrowed an additional $100 million on Term Loan B with proceeds used for general corporate purposes.

Refer to Note 10 - Debt in the Consolidated Financial Statements for additional information.

Financial Instruments

Refer to Note 11 - Financial Instruments in the Consolidated Financial Statements for additional information.

2017 Activity

In January we paid Xerox $161 million reflecting the settlement of the Separation.

Contractual Cash Obligations and Other Commercial Commitments and Contingencies

At December 31, 2016 , we had the following contractual cash obligations and other commercial commitments and contingencies:

(in millions)	2017	2018	2019	2020	2021	Thereafter
Total debt, including capital lease obligations [1]	$ 28	$ 72	$ 67	$ 79	$ 528	$ 1,223
Interest on debt [2]	103	125	123	121	118	277
Minimum operating lease commitments [3]	176	127	89	56	36	46
Defined benefit pension plans	10	—	—	—	—	—
Estimated Purchase Commitments [4]	82	75	70	37	1	26
Total	$ 399	$ 399	$ 349	$ 293	$ 683	$ 1,572

(1) Total debt represents principal debt and capital leases. Refer to Note 10 - Debt in the Consolidated Financial Statements for additional information regarding debt.
(2) Represents interest on debt. Refer to Note 10 - Debt in the Consolidated Financial Statements for additional information.
(3) Refer to Note 6, Land, Buildings, Equipment and Software, Net in the Consolidated Financial Statements for additional information.
(4) Other purchase commitments: We enter into other purchase commitments with vendors in the ordinary course of business. Our policy with respect to all purchase commitments is to record losses, if any, when they are probable and reasonably estimable. We currently do not have, nor do we anticipate, material loss contracts.

Pension Benefit Plans

We sponsor defined benefit pension plans that require periodic cash contributions. Our 2016 cash contributions for these plans were $6 million. In 2017 , based on current actuarial calculations, we expect to make contributions of approximately $10 million to our worldwide defined benefit pension plans.

Contributions to our defined benefit pension plans in subsequent years will depend on a number of factors, including the investment performance of plan assets and discount rates as well as potential legislative and plan changes. At December 31, 2016, the unfunded and underfunded balances of our U.S. and Non-U.S. defined benefit pension plans were $37 million and $24 million, respectively, or $61 million in the aggregate.

Refer to Note 13 - Employee Benefit Plans in the Consolidated Financial Statements for additional information regarding contributions to our defined benefit pension and post-retirement plans.

Other Contingencies and Commitments

As more fully discussed in Note 15 - Contingencies and Litigation in the Consolidated Financial Statements, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. In addition, guarantees, indemnifications and claims may arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates. Nonperformance under a contract including a guarantee, indemnification or claim could trigger an obligation of the Company.

We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. Should developments in any of these areas cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

Off-Balance Sheet Arrangements

We may occasionally utilize off-balance sheet arrangements in our operations (as defined by the SEC Financial Reporting Release 67 (FRR-67), “Disclosure in Management’s Discussion and Analysis about Off-Balance Sheet Arrangements and Aggregate Contractual Obligations”). We enter into the following arrangements that have off-balance sheet elements:

- Operating leases in the normal course of business. The nature of these lease arrangements is discussed in Note 6 - Land, Buildings, Equipment and Software, Net in the Consolidated Financial Statements.
- We have facilities, primarily in the U.S.and Europe that enable us to sell to third-parties certain accounts receivable without recourse. In most instances, a portion of the sales proceeds are held back by the purchaser and payment is deferred until collection of the related sold receivables. Refer to Note 5 - Accounts Receivables, Net in the Consolidated Financial Statements for further information regarding these facilities.

As of December 31, 2016 , we do not believe we have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

In addition, see the preceding table for the Company's contractual cash obligations and other commercial commitments and Note 15 - Contingencies and Litigation in the Consolidated Financial Statements for additional information regarding contingencies, guarantees, indemnifications and warranty liabilities.

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.

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 Non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are provided below .

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 Industries reporting unit. Subsequent to the goodwill impairment charge, the Commercial Industries reporting unit's goodwill balance is approximately $908 million. This non-cash charge is attributable primarily to weaker than expected Commercial Industries 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 recorded 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 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 2016, we reduced revenues by $83 million for NY MMIS. For the 2015, we reduced revenues by $116 million to reflect the reduction in HE revenues.

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 Revenue and Profit 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 Revenue and Profit by adjusting for the third quarter HE charge of $389 million, which included a $116 million reduction in revenue .

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 Reconciliations:

Net Income (Loss) and EPS reconciliation:

	Year Ended December 31, 2016		Year Ended December 31, 2015		Year Ended December 31, 2014	
(in millions; except per share amounts)	Net Income (Loss)	EPS	Net Income (Loss)	EPS	Net Income (Loss)	EPS
Reported from continuing operations	$ (983)	$ (4.85)	$ (336)	$ (1.65)	$ 34	$ 0.17
Adjustments:						
Goodwill impairment	935		—		—	
Amortization of intangible assets	280		250		250	
NY MMIS	161		—		—	
Restructuring and related costs	101		159		21	
HE Charge	—		389		—	
Separation costs	44		—		—	
Other expenses, net excluding third-party interest (1)	20		30		34	
Subtotal Adjustments	1,541		828		305	
Less: Income tax adjustments (2)	(335)		(318)		(114)	
Adjusted	$ 223	$ 1.06	$ 174	$ 0.83	$ 225	$ 1.07
Weighted average shares for adjusted EPS (3)		210,774		210,774		210,774

(1) Excludes third party interest expense of $14 million, $8 million and $11 million for the years ended December 31, 2016, 2015 and 2014, respectively.

(2) Reflects the income tax (expense) benefit of the adjustments. Refer to Effective Tax Rate reconciliation below for details.
(3) Average shares for the calculation of adjusted EPS include shares associated with our Series A convertible preferred stock and our stock compensation plan.

Effective Tax reconciliation:

	Year Ended December 31, 2016			Year Ended December 31, 2015			Year Ended December 31, 2014		
(in millions)	Pre-Tax Income (loss)	Income Tax (Benefit)Expense	Effective Tax Rate	Pre-Tax Income (loss)	Income Tax (Benefit)Expense	Effective Tax Rate	Pre-Tax Income (loss)	Income Tax (Benefit)Expense	Effective Tax Rate
Reported from continuing operations	$ (1,227)	$ (244)	19.9%	$ (574)	$ (238)	41.5%	$ 10	$ (24)	(240.0)%
Non-GAAP Adjustments (1)	1,541	335		828	318		305	114	
Adjusted (2)	$ 314	$ 91	29.0%	$ 254	$ 80	31.5%	$ 315	$ 90	28.6 %

(1) Refer to Net Income (Loss) reconciliation for details of non-GAAP adjustments.
(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:

	Year Ended December 31, 2016			Year Ended December 31, 2015			Year Ended December 31, 2014		
(in millions)	Profit (Loss)	Revenue	Margin	Profit (Loss)	Revenue	Margin	Profit (Loss)	Revenue	Margin
Reported Pre-tax (Loss) Income from Continuing Operations	$ (1,227)	$ 6,408	(19.1)%	$ (574)	$ 6,662	(8.6)%	$ 10	$ 6,938	0.1%
Adjustments:									
Goodwill impairment	935			—			—		
Amortization of intangible assets	280			250			250		
NY MMIS	161	83		—			—		
Restructuring and related charges	101			159			21		
Separation costs	44			—			—		
Related party interest	26			61			107		
HE Charge	—			389	116		—		
Other expenses, net	34			38			45		
Adjusted Operating Income / Margin	$ 354	$ 6,491	5.5 %	$ 323	$ 6,778	4.8 %	$ 433	$ 6,938	6.2%

The following non-GAAP reconciliation tables adjust for the NY MMIS and HE charges. There was no impact to the year ended December 31, 2014.

Revenue Reconciliation:

	Year Ended December 31,	
(in millions)	2016	2015
Revenue As Reported from Continuing Operations	$ 6,408	$ 6,662
NY MMIS	83	—
HE charge	—	116
Revenue Adjusted	$ 6,491	$ 6,778

Other Segment Revenue / Margin Reconciliation:

	Year Ended December 31, 2016			Year Ended December 31, 2015		
(in millions)	As Reported from Continuing Operations	NY MMIS	Adjusted	As Reported from Continuing Operations	HE Charge	Adjusted
Other Segment Revenue	$ 301	$ 83	$ 384	$ 289	$ 116	$ 405
Other Segment Loss	(245)	161	(84)	(489)	389	(100)
Other Segment Margin	n/a		(21.9)%	n/a		(24.7)%

Key Financial Ratios reconciliation:

	Year Ended December 31, 2016			Year Ended December 31, 2015		
(in millions)	Gross Margin	R&D as % of Revenue	SAG as % of Revenue	Gross Margin	R&D as % of Revenue	SAG as % of Revenue
As Reported from Continuing Operations	14.2%	0.5%	10.7 %	10.3%	0.8%	10.5 %
Adjustment:						
NY MMIS charge	2.3	—	(0.1)	—	—	—
HE charge	—	—	—	5.5	—	(0.2)
Adjusted	16.5%	0.5%	10.6 %	15.8%	0.8%	10.3 %

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to market risk from foreign currency exchange rates, which could affect operating results, financial position and cash flows. We manage our exposure to this market risk through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. We utilized derivative financial instruments to hedge economic exposures, as well as reduce earnings and cash flow volatility resulting from shifts in market rates.

Recent market events have not caused us to materially modify or change our financial risk management strategies with respect to our exposures to foreign currency risk. Refer to Note 11 - Financial Instruments in the Consolidated Financial Statements for additional discussion on our financial risk management.

Foreign Exchange Risk Management

Assuming a 10% appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates at December 31, 2016 , the potential change in the fair value of foreign currency-denominated assets and liabilities in each entity would not be significant because all material currency asset and liability exposures were economically hedged as of December 31, 2016 . A 10% appreciation or depreciation of the U.S. Dollar against all currencies from the quoted foreign currency exchange rates at December 31, 2016 would have an impact on our cumulative translation adjustment portion of equity of approximately $56 million. The net amount invested in foreign subsidiaries and affiliates, primarily in the U.K. and Europe, and translated into U.S. Dollars using the year-end exchange rates, was approximately $559 million at December 31, 2016 .

Interest Rate Risk Management

The consolidated weighted-average interest rates related to our total debt for 2016 approximated 2.99% for Term A due 2021, 6.81%, for Term B due 2023, 10.51% for Senior Notes due 2024 and 3.89% for Capital Lease Obligations. As of December 31, 2016, $1,487 million of our total debt of $1,997 million carried variable interest rates. The fair values of our fixed rate financial instruments are sensitive to changes in interest rates and at December 31, 2016, a 10% increase in market interest rates would decrease the fair values of such financial instruments by approximately $17 million. A 10% decrease in market interest rates would increase the fair values of such financial instruments by approximately $37 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Conduent Incorporated

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income (loss), of comprehensive loss, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Conduent Incorporated and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(1) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

Dallas, Texas

March 10, 2017

REPORTS OF MANAGEMENT

Management's Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this annual report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company's financial position and results of operations.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent auditors, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent auditors. The independent auditors and internal auditors have free access to the Audit Committee.

Management's Report on Internal Control Over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

/s/ ASHOK VEMURI	/s/ BRIAN WEBB-WALSH	/s/ JAY T. CHU
Chief Executive Officer	**Chief Financial Officer**	**Chief Accounting Officer**

CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in millions, except per-share data)	Year Ended December 31, 2016	2015	2014
Revenues			
Outsourcing	$ 6,358	$ 6,609	$ 6,884
Related party	50	53	54
Total Revenues	6,408	6,662	6,938
Costs and Expenses			
Cost of outsourcing	5,462	5,937	5,758
Related party cost of services	36	40	42
Research and development	31	52	46
Selling, administrative and general	686	699	659
Restructuring and related costs	101	159	21
Amortization of intangible assets	280	250	250
Goodwill impairment	935	—	—
Separation costs	44	—	—
Related party interest	26	61	107
Other expenses, net	34	38	45
Total Costs and Expenses	7,635	7,236	6,928
(Loss) Income Before Income Taxes	(1,227)	(574)	10
Income tax benefit	(244)	(238)	(24)
(Loss) Income from Continuing Operations	(983)	(336)	34
Loss from discontinued operations, net of tax	—	(78)	(115)
Net Loss	$ (983)	$ (414)	$ (81)
Basic Earnings (Loss) per Share:			
Continuing operations	$ (4.85)	$ (1.65)	$ 0.17
Discontinued operations	—	(0.39)	(0.57)
Total Basic Earnings (Loss) per Share	$ (4.85)	$ (2.04)	$ (0.40)
Diluted Earnings (Loss) per Share:			
Continuing operations	$ (4.85)	$ (1.65)	$ 0.17
Discontinued operations	—	(0.39)	(0.57)
Total Diluted Earnings (Loss) per Share	$ (4.85)	$ (2.04)	$ (0.40)

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in millions)	Year Ended December 31, 2016	2015	2014
Net Loss	$ (983)	$ (414)	$ (81)
Other Comprehensive Loss, Net [1] :			
Translation adjustments, net	$ (135)	$ (60)	$ (44)
Unrealized gain (losses), net	—	1	(2)
Changes in defined benefit plans, net	(20)	7	(25)
Other Comprehensive Loss, Net	(155)	(52)	(71)
Comprehensive Loss, Net	$ (1,138)	$ (466)	$ (152)

(1) Refer to Note 18 - Other Comprehensive Loss for gross components of Other Comprehensive Loss, reclassification adjustments out of Accumulated Other Comprehensive Loss and related tax effects.

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
CONSOLIDATED BALANCE SHEETS

(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
Commitments and contingencies (See Note 15)		
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	—
Shares of Series A convertible preferred stock issued and outstanding	120	—

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31, 2016	2015	2014
Cash Flows from Operating Activities:			
Net loss	$ (983)	$ (414)	$ (81)
Adjustments required to reconcile net income to cash flows from operating activities:			
Depreciation and amortization	613	600	787
Goodwill impairment	935	—	—
Provision for receivables	4	4	3
Deferred tax benefit	(160)	(115)	(123)
Net loss on sales of businesses and assets	2	100	183
Stock-based compensation	23	19	28
Restructuring and asset impairment charges	73	159	23
Payments for restructurings	(46)	(19)	(23)
Contributions to defined benefit pension plans	(6)	(8)	(15)
(Increase) decrease in accounts receivable	(27)	239	(44)
Increase in other current and long-term assets	(90)	(86)	(168)
(Decrease) increase in accounts payable and accrued compensation	(60)	22	—
(Decrease) increase in other current and long-term liabilities	(210)	228	57
Net change in income tax assets and liabilities	39	(236)	38
Other operating, net	1	—	—
Net cash provided by operating activities	108	493	665
Cash Flows from Investing Activities:			
Cost of additions to land, buildings and equipment (1)	(149)	(158)	(189)
Cost of additions to internal use software	(39)	(27)	(27)
Proceeds from sale of businesses, net of adjustments	(53)	939	16
Acquisitions, net of cash acquired	(1)	(197)	(306)
Proceeds from investments	11	—	—
Net proceeds (payments) on related party notes receivable	248	(37)	22
Other investing, net	(1)	2	(4)
Net cash provided by (used in) investing activities	16	522	(488)
Cash Flows from Financing Activities:			
Proceeds on long term debt, net of issuance costs (1)	1,902	28	53
Payments on debt	(32)	(293)	(76)
Net payments on related party notes payable	(1,132)	(91)	(90)
Transfers to former parent	(588)	(672)	(36)
Restricted cash - related party	(18)	—	—
Excess tax benefits from stock-based compensation	—	6	10
Other financing	—	(1)	(10)
Net cash provided by (used in) financing activities	132	(1,023)	(149)
Effect of exchange rate changes on cash and cash equivalents	(6)	(11)	(8)
Increase (decrease) in cash and cash equivalents	250	(19)	20
Cash and cash equivalents at beginning of Year	140	159	139
Cash and Cash Equivalents at End of Year	$ 390	$ 140	$ 159

(1) Adjusted to exclude the initiation of capital leases of $8 and $59 in 2015 and 2014, respectively as the initiation of capital leases is a non-cash activity. Refer to Note 1 - Basis of Presentation and Summary of Significant Accounting Policies for additional information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONDUENT INCORPORATED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions)	Common Stock	Additional Paid-in Capital	AOCL [1]	Former Parent Company Investment	Conduent Shareholders' Equity
Balance at December 31, 2013	$ —	$ —	$ (58)	$ 5,637	$ 5,579
Comprehensive loss, net	—	—	(71)	(81)	(152)
Net transfers to former parent	—	—	—	(16)	(16)
Balance at December 31, 2014	$ —	$ —	$ (129)	$ 5,540	$ 5,411
Comprehensive loss, net	—	—	(52)	(414)	(466)
Net transfers from former parent	—	—	—	217	217
Balance at December 31, 2015	$ —	$ —	$ (181)	$ 5,343	$ 5,162
Comprehensive loss, net	—	—	(155)	(983)	(1,138)
Series A preferred stock transfer	—	—	—	(142)	(142)
Capitalization of Company	2	3,812		(3,814)	—
Net transfers to former parent	—	—	(190)	(404)	(594)
Balance at December 31, 2016	$ 2	$ 3,812	$ (526)	$ —	$ 3,288

(1) AOCL - Accumulated other comprehensive loss.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1 – Basis of Presentation and Summary of Significant Accounting Policies

References herein to “we,” “us,” “our,” the “Company” and “Conduent” refer to Conduent Incorporated and its consolidated subsidiaries unless the context suggests otherwise.

Overview

On December 31, 2016, Conduent Incorporated (formerly known as the BPO business) spun-off from Xerox Corporation, pursuant to the separation agreement. The separation was completed by way of a pro rata distribution of Conduent Incorporated shares held by Xerox to Xerox’s shareholders. As a result of the spin-off, we now operate as an independent, publicly traded company on the New York Stock Exchange, under the ticker "CNDT".

Description of Business

We are a $6.4 billion global enterprise and a leading provider of business process services with expertise in transaction-intensive processing, analytics and automation. We serve as a trusted business partner in both the
front office and back office, enabling personalized, seamless interactions on a massive scale that improve end user
experience. We create value for our commercial and government clients by applying our expertise, technology and innovation to help them drive customer and constituent satisfaction and loyalty, increase process efficiency and respond rapidly to changing market dynamics. Our portfolio includes industry-focused service offerings in attractive growth markets such as healthcare and transportation, as well as multi-industry service offerings such as transaction processing, customer care and payment services.

Basis of Presentation

Prior to December 31, 2016, the Combined Financial Statements of the Company were derived from the Consolidated Financial Statements and accounting records of Xerox as if the Company operated on a standalone basis during the periods presented and were prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and pursuant to the rules and regulations of the SEC. Historically, the Company consisted of the Business Processing Outsourcing Operating segment within Xerox’s reportable Services segment and did not operate as a separate, standalone company. Accordingly, Xerox had reported the financial position and the related results of operations, cash flows and changes in equity of the Company in Xerox’s Consolidated Financial Statements.

The Combined Financial Statements included the historical basis of assets, liabilities, revenues and expenses of the individual businesses of the Company, including the joint ventures and partnerships over which the Company has a controlling financial interest. The Combined Financial Statements included certain assets and liabilities that were held by Xerox that are specifically identifiable or otherwise attributable to the Company. All intercompany transactions and balances within the Company have been eliminated. Cash was managed centrally through bank accounts controlled and maintained by Xerox. Accordingly, cash and cash equivalents held by Xerox at the corporate level
were not attributable to the Company for any of the periods presented. Only cash amounts specifically attributable to the Company are reflected in the Combined Balance Sheets. Transfers of cash, both to and from Xerox’s centralized cash management system, were reflected as a component of Net Parent Investment in the Combined Balance Sheets and as a financing activity on the accompanying Combined Statements of Cash Flows. Historically, the Company received or provided funding as part of Xerox’s centralized treasury program.

Third-party debt obligations of Xerox and the corresponding financing costs related to those debt obligations, specifically those that relate to senior notes, term loans, commercial paper obligations and revolving credit facilities, have not been attributed to the Company, as the Company was not the legal obligor on the debt. The only third-party
debt obligations included in these Combined Financial Statements are those for which the legal obligor is the Company or a legal entity within the Company.

During the periods presented, the Company functioned as part of the larger group of companies controlled by Xerox. Accordingly, Xerox performed certain corporate overhead functions for the Company. Therefore, certain corporate costs, including compensation costs for corporate employees supporting the Company, have been allocated from

Xerox. These allocated costs are for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communication, internal audit and other shared services, which were not provided at the Company level. Where possible, these costs were allocated based on direct usage, with the remainder allocated on a basis of cost, headcount or other measures we have determined as reasonable. The Combined Financial Statements do not necessarily include all the expenses that would have been incurred or held by the Company had it been a separate, standalone company. We expect to incur additional expenses as a separate, standalone publicly-traded company. It is not practicable to estimate actual costs that would have been incurred had the Company been a separate standalone company during the periods presented. Allocations for management costs and corporate support services provided to the Company totaled $165 , $170 and $175 for the three years ended December 31, 2016.

The management of the Company believes the assumptions underlying the Combined Financial Statements, including the assumptions regarding the allocated expenses, reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods presented. Nevertheless, the Combined Financial Statements may not be indicative of the Company's future performance, and do not necessarily include all of the actual expenses that would have been incurred by the Company and may not reflect the results of operations, financial position and cash flows of the Company had the Company been a separate, standalone company during the periods presented.

Operations of the Company are included in the consolidated U.S. federal, and certain state and local and foreign income tax returns filed by Xerox, where applicable. The Company also files certain separate state and local and foreign income tax returns. Income tax expense and other income tax related information contained in the Combined Financial Statements are presented on a separate return basis as if the Company filed its own tax returns. The income taxes of the Company as presented in the Combined Financial Statements may not be indicative of the income taxes that the Company will generate in the future. In jurisdictions where the Company has been included in the tax returns filed by Xerox, any income taxes payable resulting from the related income tax provisions have been reflected in the balance sheet.

Discontinued Operations

In 2014, we announced an agreement to sell our Information Technology Outsourcing (ITO) business to Atos SE (Atos). As a result of that agreement, we reported the ITO business as held for sale and a Discontinued Operation up through its date of sale on June 30, 2015. In 2014, we also completed the disposal of Truckload Management Services (TMS) which was also reported as a Discontinued Operation. All prior period results have been reclassified to conform to the presentation of these businesses as Discontinued Operations. Refer to Note 4 - Divestitures for additional information regarding Discontinued Operations.

Use of Estimates

The preparation of our Consolidated Financial Statements is in conformity with GAAP and requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be predicted with certainty; accordingly, our accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of our Consolidated Financial Statements will change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes. Our estimates are based on management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates.

The following table summarizes certain recurring type costs and expenses that require management estimates for the three years ended December 31, 2016:

	Year Ended December 31,		
Expense/(Income)	2016	2015	2014
Corporate allocations [1]	$ 165	$ 170	$ 175
Provisions for restructuring and asset impairments - continuing operations	73	159	21
Provisions for restructuring and asset impairments - discontinued operations	—	—	2
Provision for receivables	4	4	3
Provisions for litigation and regulatory matters	40	18	38
Depreciation of buildings and equipment [2]	130	126	145
Amortization of internal use software [2]	49	51	52
Amortization of product software	61	65	58
Amortization of acquired intangible assets [2]	280	250	250
Amortization of customer contract costs [2]	93	108	122
Income tax (benefit) expense - continuing operations	(244)	(238)	(24)
Income tax expense - discontinued operations	—	81	7

(1) Refer to Note 20 - Related Party and Former Parent Investment.
(2) Excludes amounts related to our ITO business, which was reported as a discontinued operation through its date of sale on June 30, 2015. Refer to Note 4 - Divestitures for additional information regarding this sale.

Changes in Estimates

In the ordinary course of accounting for the items discussed above, we make changes in estimates as appropriate and as we become aware of new or revised circumstances surrounding those estimates. Such changes and refinements in estimation methodologies are reflected in reported results of operations in the period in which the changes are made and, if material, their effects are disclosed in the Notes to the Consolidated Financial Statements and in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Statement of Cash Flows Revision

During the 2016 year-end closing process, we determined that 2015 and 2014 Cash Flows from Investing Activities and Cash Flows from Financing Activities should have been $8 and $59 lower, respectively, as the initiation of capital leases is a non-cash activity. We have determined that these errors are immaterial to all prior period financial statements impacted and we have revised the applicable 2015 and 2014 Statement of Cash Flows amounts herein.

New Accounting Standards and Accounting Changes

Except for the Accounting Standard Updates (ASU's) discussed below, the new ASU's issued by the FASB during the last two years did not have any significant impact on the Company.

Revenue Recognition

In May 2014, the FASB issued **ASU 2014-09** , ***Revenue from Contracts with Customers (Topic 606)*** , to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for our fiscal year beginning January 1, 2018, with early adoption permitted for fiscal years beginning January 1, 2017. The standard will be adopted using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (ii) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined per ASU 2014-09. In March 2016, the FASB issued ASU 2016-08, Revenue Recognition - Principal versus Agent (reporting revenue gross versus net). Also, in April 2016, the FASB issued ASU 2016-10 Revenue from Contracts with Customers - Identifying Performance Obligations and Licensing, and in May 2016, the FASB issued ASU 2016-12 Revenue Recognition - Narrow Scope Improvements and Practical Expedients. We will adopt this standard beginning January 1, 2018, and we will use the modified retrospective method. As a result of the Spin-off Transaction in 2016, we will need to complete most of our implementation activities in 2017.

Leases

In February 2016, the FASB issued **ASU 2016-02** , ***Leases*** . This update requires the recognition of leased assets and lease obligations by lessees for those leases currently classified as operating leases under existing lease guidance. Short term leases with a term of 12 months or less are not required to be recognized. The update also requires disclosure of key information about leasing arrangements to increase transparency and comparability among organizations. The accounting for lessors does not fundamentally change except for changes to conform and align guidance to the lessee guidance as well as to the new revenue recognition guidance in ASU 2014-09. This update is effective for our fiscal year beginning January 1, 2019. We are currently evaluating the impact of the adoption of ASU 2016-02 on our consolidated financial statements.

Cash Flows

In August 2016, the FASB issued **ASU 2016-15** , **Statement of Cash Flows** - *Classification of Certain Cash Receipts and Cash Payments.* This update provides specific guidance on eight cash flow classification issues where current GAAP is either unclear or does not include specific guidance. This update is effective for our fiscal year beginning January 1, 2018 with early adoption permitted. We are currently evaluating the impact, if any, that the adoption of ASU 2016-15 may have on our statements of cash flows in future reporting periods.

Additionally, in November 2016 the FASB issued **ASU 2016-18** , **Statement of Cash Flows - Restricted Cash** . The update requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts

shown on the statement of cash flows. We held $22 and $16 of restricted cash, currently reported in other current assets at December 31, 2016 and 2015, respectively. This update is effective for our fiscal year beginning January 1, 2018. We are currently evaluating the impact, if any, that the adoption of ASU 2016-18 may have on our statements of cash flows in future reporting periods.

Stock Compensation

In March 2016, the FASB issued **ASU 2016-09** , ***Compensation*** - *Stock Compensation, Improvements to Employee Share-Based payment Accounting (Topic 718).* This update includes provisions to simplify certain aspects related to the accounting for share-based awards and the related financial statement presentation. The update also requires that excess tax benefits and deficiencies be recorded in the income statement when the awards vest or are settled as compared to equity as allowed under certain conditions by current US GAAP. This change is required to be adopted prospectively in the period of adoption. In addition, the ASU modifies the classification of certain share-based payment activities within the statements of cash flows and these changes are required to be applied retrospectively to all periods presented. ASU 2016-09 is effective for our fiscal year beginning January 1, 2017.The update may add volatility to our income tax expense in future periods depending upon, among other things, the level of tax expense and the price of the Company's common stock at the date of vesting for share-based awards. We are currently evaluating the impact, if any, that the adoption of ASU 2016-09 may have on our consolidated financial statements in future reporting periods.

Income Taxes

In October 2016, the FASB issued **ASU 2016-16** , **Income Taxes** - *Intra-Entity Transfers of Assets Other than Inventory.* This update requires recognition of the income-tax consequences of an intra-entity transfer of assets other than inventory. Under current GAAP, recognition of the income tax consequences for assets other than inventory could only occur upon sale to a third party. This update is effective for our fiscal year beginning January 1, 2018. We are currently evaluating the impact of the adoption of ASU 2016-16 on our consolidated financial statements.

Financial Instruments - Credit Losses

In June 2016, the FASB issued **ASU 2016-13,** **Financial Instruments Credit Losses** - *Measurement of Credit Losses on Financial Instruments,* which requires measurement and recognition of expected credit losses for financial assets. The update impacts financial assets and net investment in leases that are not accounted for at fair value through net income. This update is effective for our fiscal year beginning January 1, 2020, with early adoption permitted as of January 1, 2019. We are currently evaluating the impact of the adoption of ASU 2016-13 on our consolidated financial statements.

Business Combinations

In January 2017, the FASB issued **ASU 2017-01 , Business Combinations** (Topic 805): Clarifying the Definition of a Business, which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This update is effective for our fiscal year beginning January 1, 2018, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2017-01 on our consolidated financial statements, intangible assets and goodwill.

In January 2017 the FASB issued **ASU 2017-04 , Intangibles - Goodwill and Other** - Simplifying the Goodwill Impairment Test, which eliminates Step 2 from the goodwill impairment test. Instead, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit. This update is effective for our fiscal year beginning January 1, 2020, with early adoption permitted for goodwill impairment tests performed after January 1, 2017. The adoption of this standard is not expected to have any effect on our financial condition, results of operations or cash flows. If this new accounting standard, ASU 2017-04 had been adopted as of December 31, 2016, the impairment charge for the Commercial Industries reporting unit would have been $992 versus the $935 under the current standard.

Equity Method Accounting

In March 2016, the FASB issued **ASU 2016-07 , *Investments*** - *Equity Method and Joint Ventures (Topic 323), Simplifying the Transition to the Equity Method of Accounting* . This update eliminates the requirement that when an existing cost method investment qualifies for use of the equity method, an investor must restate its historical financial statements, as if the equity method had been used during all previous periods. Under the new guidance, at the point an investment qualifies for the equity method, any unrealized gain or loss in accumulated other comprehensive income(loss) ("AOCI") will be recognized through earnings. This update is effective for our fiscal year beginning January 1, 2017, with early adoption permitted. The adoption of this update is not expected to have a material impact on our financial condition, results of operations or cash flows.

Accounting for Income Taxes: Balance Sheet Presentation of Deferred Taxes

In November 2015, the FASB issued **ASU 2015-17** , *Income Taxes: Balance Sheet Classification of Deferred Taxes.* This update, which simplifies the presentation of deferred income taxes, requires that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. As allowed by the update, we early adopted ASU 2015-17 effective December 31, 2015 on a prospective basis. Adoption of this update resulted in a reclassification of our net current deferred tax asset and liabilities to the net non-current deferred tax asset and liabilities in our Consolidated Balance Sheet as of December 31, 2015. Prior periods were not retrospectively adjusted. The current requirement that deferred tax liabilities and assets of a tax-paying component (jurisdiction) of an entity be offset and presented as a single amount is not affected by this update.

Interest

In April 2015, the FASB issued **ASU 2015-03** , *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* . This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued **ASU 2015-15 ,** which indicated that the SEC staff would not object to an entity deferring and presenting debt issuance costs associated with a line-of-credit arrangement as an asset and subsequently amortizing those costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings. We have $66 of debt issuance costs at December 31, 2016 , of which $56 is reported as a reduction to Long term debt and $10 is recorded as a Long term asset. This update was effective for our fiscal year beginning January 1, 2016. The adoption of this standard did not have a material effect on our financial condition, results of operations or cash flows.

Discontinued Operations

In April 2014, the FASB issued **ASU 2014-08** , *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.* The update changes the requirements for reporting discontinued operations in Subtopic 205-20. A discontinued operation may include a component of an entity or a group of components of an entity, or a business. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. Examples include a disposal of a major geographic area, a major line of business or a major

equity method investment. Additionally, the update requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income and expenses of discontinued operations. This update was effective prospectively for our fiscal year beginning January 1, 2015. The standard primarily involves presentation and disclosure and, therefore, did not have a material impact on our financial condition, results of operations or cash flows.

Service Concession Arrangements

In January 2014, the FASB issued **ASU 2014-05** , *Service Concession Arrangements (Topic 853)* . This update specifies that an entity should not account for a service concession arrangement within the scope of this update as a lease in accordance with Topic 840, Leases. The update was effective for our fiscal year beginning January 1, 2015. The adoption of this standard did not have a material effect on our financial condition, results of operation or cash flows.

Disclosures of Going Concern Uncertainties

In August 2014, the FASB issued **ASU 2014-15** , *Presentation of Financial Statements - Going Concern (Subtopic 205-40); Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* , which was effective for our fiscal year ending December 31, 2016. The adoption of this standard did not have a material effect on our financial condition, results of operation or cash flows.

Other Updates

In 2016 and 2015, the FASB also issued the following Accounting Standards Updates which are not expected to have a material impact on our financial condition, results of operations or cash flows when adopted in future periods. Those updates are as follows:

- ***Accounting Changes and Error Corrections*** (Topic 250): **ASU 2017-03** , Accounting Changes and Error Corrections (Topic 250) and Investments-Equity Method and Joint Ventures (Topic 323). Transition guidance included in certain issued but not yet adopted ASUs was updated to reflect this amendment.
- ***Financial Instruments :*** **ASU 2016-01** , *Financial Instruments - Recognition and Measurement of Financial Instruments and Financial Liabilities,* which is effective for our fiscal year beginning January 1, 2018.
- ***Inventory:*** **ASU 2015-11** , *Simplifying the Subsequent Measurement of Inventory,* which is effective for our fiscal year beginning January 1, 2017.
- ***Fair Value Measurements :*** **ASU 2015-07** , *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)* , which was effective for our fiscal year beginning January 1, 2016.
- ***Stock Compensation :*** **ASU 2014-12** , *Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period,* which was effective for our fiscal year beginning January 1, 2016.
- ***Business Combinations:*** **ASU 2015-16** , *Accounting for Measurement Period Adjustments in a Business Combination* , which was effective for our fiscal year beginning January 1, 2016.
- ***Intangibles - Goodwill and Other - Internal Use Software:*** **ASU 2015-05** , *Intangibles-Goodwill and Other-Internal Use Software - Customer's Accounting for Fees Paid in a Cloud Computing Arrangement,* which was effective for our fiscal year beginning January 1, 2016.
- ***Consolidation:*** **ASU 2015-02** , *Consolidation (Topic 810): Amendments to the Consolidation Analysis* . This update was effective for our fiscal year beginning January 1, 2016 with early adoption permitted, and is applied on a modified retrospective basis.
- ***Income Statement:*** **ASU 2015-01,** *Income Statement - Extraordinary and Unusual Items (Subtopic 225-20) - Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* . The standard primarily involves presentation and disclosure.
- ***Derivatives and Hedging*** : **ASU 2016-06** , *Contingent Put and Call Options in Debt Instruments* , which is effective for our fiscal year beginning January 1, 2017 with early adoption permitted.
- ***Derivatives and Hedging*** : **A SU 2016-05** , *Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships* , which is effective for our fiscal year beginning January 1, 2017 with early adoption permitted.
- ***Derivatives and Hedging:*** **ASU 2014-16** , *Derivatives and Hedging (Topic 815) - Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity,* which was effective for our fiscal year beginning January 1, 2016.

Summary of Accounting Policies

Revenue Recognition

We primarily generate revenue through services. Revenue is recognized when it is realized or realizable and earned. We consider revenue realized or realizable and earned when we have persuasive evidence of an arrangement, delivery has occurred, the transaction price is fixed or determinable and collectibility is reasonably assured. Delivery does not occur until services have been provided to the customer, risk of loss has transferred to the customer, and either customer acceptance has been obtained, customer acceptance provisions have lapsed or the company has objective evidence that the criteria specified in the customer acceptance provisions have been satisfied. The transaction price is not considered to be fixed or determinable until all contingencies related to the sale have been resolved.

Outsourcing Services: Revenues associated with outsourcing services are generally recognized as services are rendered, which is generally on the basis of the number of accounts or transactions processed. In service arrangements where final acceptance of a system or solution by the customer is required, revenue is deferred until all acceptance criteria have been met. Revenues on cost reimbursable contracts are recognized by applying an estimated factor to costs as incurred, determined by the contract provisions and prior experience. Revenues on unit-price contracts are recognized at the contractual selling prices as work is completed and accepted by the customer. Revenues on time and material contracts are recognized at the contractual rates as the labor hours and direct expenses are incurred.

Revenues on certain fixed price contracts where we provide system development and implementation services are recognized over the contract term based on the percentage of development and implementation services that are provided during the period compared with the total estimated development and implementation services to be provided over the entire contract using the percentage-of-completion accounting methodology. These services require that we perform significant, extensive and complex design, development, modification or implementation of our customers' systems. Performance will often extend over long periods, and our right to receive future payment depends on our future performance in accordance with the agreement.

The percentage-of-completion methodology involves recognizing probable and reasonably estimable revenue using the percentage of services completed, on a current cumulative cost to estimated total cost basis, using a reasonably consistent profit margin over the period.

Revenues earned in excess of related billings are accrued, whereas billings in excess of revenues earned are deferred until the related services are provided. We recognize revenues for non-refundable, upfront implementation fees on a straight-line basis over the period between the initiation of the ongoing services through the end of the contract term.

In connection with our services arrangements, we incur and capitalize costs to originate these long-term contracts and to perform the migration, transition and setup activities necessary to enable us to perform under the terms of the arrangement. Certain initial direct costs of an arrangement are capitalized and amortized over the contractual service period of the arrangement to cost of services. From time to time, we also provide inducements to customers in various forms, including contractual credits, which are capitalized and amortized as a reduction of revenue over the term of the contract.

Spending associated with customer-related deferred set-up/transition and inducement costs for the three years ended December 31, 2016 were as follows:

	Year Ended December 31,		
	2016	2015	2014
Set-up/transition and inducement expenditures	$ 63	$ 65	$ 81

The capitalized amount of customer contract costs at December 31, 2016 and 2015 were as follows:

	Year Ended December 31,	
	2016	2015
Capitalized customer contract costs [1]	137	170

(1) The balance at December 31, 2016 of $ 137 is expected to be amortized over a weighted average period of approximately 8 years.

Amortization expense for the next five years and thereafter is expected to be as follows:

2017	2018	2019	2020	2021	Thereafter
$ 58	$ 29	$ 16	$ 8	$ 5	$ 21

Long-lived assets used in the fulfillment of the arrangements are capitalized and depreciated over the shorter of their useful life or the term of the contract if an asset is contract specific.

Other Revenue Recognition Policies

Multiple Element Arrangements: As described above, we enter into the following revenue arrangements that may consist of multiple deliverables including contracts for multiple types of outsourcing services, as well as professional and value-added services. For instance, we may contract for an implementation or development project and also provide services to operate the system which we implement or develop over a period of time; or we may contract to scan, manage and store customer documents.

In substantially all of our multiple element arrangements, we are able to separate the deliverables since we normally will meet both of the following criteria:

- The delivered item(s) has value to the customer on a stand-alone basis; and
- If the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in our control.

Consideration in a multiple-element arrangement is allocated at the inception of the arrangement to all deliverables on the basis of the relative selling price. When applying the relative selling price method, the selling price for each deliverable is primarily determined based on vendor-specific objective evidence (VSOE), third-party evidence (TPE), or our best estimate of the selling price. The above noted revenue policies are then applied to each separated deliverable, as applicable.

Revenue Reporting: Revenue from sales of third-party vendor products or services is recorded net of costs when the company is acting as an agent between the customer and the vendor or supplier, and gross when the company is a principal to the transaction. Postage is generally recognized on a gross basis. Several factors are considered to determine whether the company is an agent or principal, most notably whether the company is the primary obligor to the customer, or has inventory risk. Consideration is also given to whether the company adds meaningful value to the vendor's product or service, was involved in the selection of the vendor's product or service, has latitude in establishing the sales price or has credit risk.

Revenue-based Taxes: We report revenue net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions. The primary revenue-based taxes are sales tax and value-added tax (VAT).

Other Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, including money market funds and investments with original maturities of three months or less.

Receivable Sales

We regularly transfer certain portions of our receivable portfolios and normally account for those transfers as sales based on meeting the criteria for derecognition in accordance with ASC Topic 860 "Transfer and Servicing" of Financial Assets. Losses on the sale of receivables depend, in part, on both (a) the cash proceeds and (b) the net non-cash proceeds received or paid. When we sell receivables, we normally receive beneficial interests in the transferred receivables from the purchasers as part of the proceeds. Refer to Note 5 - Accounts Receivable, Net for more details on our receivable sales .

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost. Buildings and equipment are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life. Significant improvements are capitalized and maintenance and repairs are expensed. Refer to Note 6 - Land, Buildings, Equipment and Software, Net for further discussion.

Software - Internal Use and Product

We capitalize direct costs associated with developing, purchasing or otherwise acquiring software for internal use and amortize these costs on a straight-line basis over the expected useful life of the software, beginning when the software is implemented (Internal Use Software). Costs incurred for upgrades and enhancements that will not result in additional functionality are expensed as incurred. Amounts expended for Internal Use Software are included in Cash Flows from Investing.

We also capitalize certain costs related to the development of software solutions to be sold to our customers upon reaching technological feasibility (Product Software). These costs are amortized on a straight-line basis over the estimated economic life of the software. Amounts expended for Product Software are included in Cash Flows from Operations. We perform periodic reviews to ensure that unamortized Product Software costs remain recoverable from estimated future operating profits (net realizable value or NRV). Costs to support or service licensed software are charged to Costs of outsourcing as incurred.

Refer to Note 6 - Land, Buildings, Equipment and Software, Net for further information.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of acquired net assets in a business combination, including the amount assigned to identifiable intangible assets. The primary drivers that generate goodwill are the value of synergies between the acquired entities and the company and the acquired assembled workforce, neither of which qualifies as an identifiable intangible asset. Goodwill is not amortized but rather is tested for impairment annually or more frequently if an event or circumstance indicates that an impairment loss may have been incurred.

Impairment testing for goodwill is done at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (a "component") if the component constitutes a business for which discrete financial information is available, and segment management regularly reviews the operating results of that component. Our reporting units are the same as our operating segments and this is the level that discrete financial information is available.

When testing goodwill for impairment, we may assess qualitative factors for some or all of our reporting units to determine whether it is more-likely-than-not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. Alternatively, we may bypass this qualitative assessment for some or all of our reporting units and perform a detailed quantitative test of impairment (Step 1). If we perform the detailed quantitative impairment test and the carrying amount of the reporting unit exceeds its fair value, we would perform an analysis (Step 2) to measure such impairment.

As required by ASC 350 Intangibles - Goodwill and Other, we annually test the Goodwill of our reporting units for impairment. For Step 1 of the test, as in prior years, we determined the fair value of our reporting units utilizing a combination of both an Income Approach and a Market Approach to calculate fair value for each reporting units equity. We then compare fair value of equity to carrying value. The Income Approach utilizes a discounted cash flow analysis based upon the forecasted future business results of our reporting units. The Market Approach utilizes the guideline public company method. We apply a two-thirds and one-third weighting to the results of the Income Approach and the Market Approach, respectively, to calculate the fair value of each reporting unit's equity.

In 2016, based on the declining operating results of our Commercial Industries reporting unit, including in the fourth quarter, we determined to proceed to the quantitative assessment of the recoverability of our goodwill balances for each of our reporting units in performing our annual impairment test. Based on our quantitative assessments, we concluded that the fair value of our Commercial Industries reporting unit was less than its carrying value by approximately 53% , indicating an impairment. Accordingly, based on Step 2 of the impairment process, we recorded a pre-tax goodwill impairment charge of $935 million during the fourth quarter of 2016, which is separately presented in the Consolidated Statements of Income (Loss). Our Healthcare and Public Sector reporting units passed Step 1 of the impairment test with fair value exceeding carrying value by approximately 19% and 14% , respectively.

Other intangible assets primarily consist of assets obtained in connection with business acquisitions, including installed customer base and distribution network relationships, patents on existing technology and trademarks. We apply an impairment evaluation whenever events or changes in business circumstances indicate that the carrying value of our intangible assets may not be recoverable. Other intangible assets are amortized on a straight-line basis over their estimated economic lives. We believe that the straight-line method of amortization reflects an appropriate allocation of the cost of the intangible assets to earnings in proportion to the amount of economic benefits obtained annually by the Company.

Refer to Note 7 - Goodwill and Intangible Assets, Net for further information.

Impairment of Long-Lived Assets

We review the recoverability of our long-lived assets, including buildings, equipment, internal use software, product software and other intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of the asset from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Our primary measure of fair value is based on forecasted cash flows.

Pension Obligations

We sponsor various forms of defined benefit pension plans in several countries covering employees who meet eligibility requirements. We employ a delayed recognition feature in measuring the costs associated with our pension benefit plans. This requires changes in the benefit obligations and changes in the value of assets set aside to meet those obligations to be recognized not as they occur, but systematically and gradually over subsequent periods. All changes are ultimately recognized as components of net periodic benefit cost, except to the extent they may be offset by subsequent changes. At any point, changes that have been identified and quantified but not recognized as components of net periodic benefit cost, are recognized in Accumulated Other Comprehensive Loss, net of tax.

Several statistical and other factors that attempt to anticipate future events are used in calculating the expense, liability and asset values related to our pension plans. These factors include assumptions we make about the discount rate, expected return on plan assets, the rate of future compensation increases and mortality. In calculating the expected return on the plan asset component of our net periodic pension cost, we apply our estimate of the long-term rate of return on the plan assets that support our pension obligations.

The expected rate of return on plan assets is the long-term rate of return we expect to earn on plan assets. When estimating the expected rate of return, in addition to assessing recent performance, we consider the historical returns earned on plan assets, the rates of return expected in the future, and our investment strategy and asset mix with respect to the plans' funds. The expected rate of return on plan assets is reviewed annually and revised, as necessary, to reflect changes in financial markets and our investment strategy.

The discount rate is used to present value our future anticipated benefit obligations. The discount rate reflects the current rate at which benefit liabilities could be effectively settled considering the timing of expected payments for plan participants. In estimating our discount rate, we consider rates of return on high-quality fixed-income investments adjusted to eliminate the effects of call provisions, as well as the expected timing of pension and other benefit payments.

Each year, the difference between the actual return on plan assets and the expected return on plan assets, as well as increases or decreases in the benefit obligation as a result of changes in the discount rate and other actuarial assumptions, are added to or subtracted from any cumulative actuarial gain or loss from prior years. This amount is the net actuarial gain or loss recognized in Accumulated other comprehensive loss. We amortize net actuarial gains and losses as a component of net pension cost for a year if, as of the beginning of the year, that net gain or loss (excluding asset gains or losses that have not been recognized in market-related value) exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets (the "corridor" method). This determination is made on a plan-by-plan basis. If amortization is required for a particular plan, we amortize the applicable net gain or loss in excess of the 10% threshold on a straight-line basis in net periodic pension cost over the remaining service period of the employees participating in that pension plan. In plans where substantially all participants are inactive, the amortization period for the excess is the average remaining life expectancy of the plan participants.

Refer to Note 13 - Employee Benefit Plans for further information regarding our Pension Benefit Obligations .

Income Taxes

Income taxes are recorded based on amounts refundable or payable and include the results of any difference between U.S. GAAP accounting and tax reporting, recorded as deferred tax assets or liabilities. We estimate deferred tax assets and liabilities based on current tax laws, regulations and rates. Changes in tax laws, regulations and rates may affect recorded deferred tax assets and liabilities in the future.

Management establishes valuation allowances on deferred tax assets when it is determined “more-likely-than-not” that some portion or all of the deferred tax assets may not be realized. Management considers positive and negative evidence in evaluating the ability of the Company to realize its deferred tax assets, including its historical results and forecasts of future ability to realize its deferred tax assets, including projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies.

We are subject to ongoing tax examinations and assessments in various jurisdictions. We have unrecognized tax benefits for uncertain tax positions. We follow U.S. GAAP which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can materially increase or decrease our effective tax rate, as well as impact our operating results.

Refer to Note 14—Income Taxes for further discussion.

Foreign Currency Translation and Re-measurement

The functional currency for most foreign operations is the local currency. Net assets are translated at current rates of exchange and income, expense and cash flow items are translated at average exchange rates for the applicable period. The translation adjustments are recorded in Accumulated other comprehensive loss.

The U.S. Dollar is used as the functional currency for certain foreign subsidiaries that conduct their business in U.S. Dollars. A combination of current and historical exchange rates is used in re-measuring the local currency transactions of these subsidiaries and the resulting exchange adjustments are recorded in Currency (gains) and losses within Other expenses, net together with other foreign currency re-measurements.

Note 2 – Segment Reporting

Our reportable segments correspond to how we organize and manage the business, as defined by our CEO who is also our Chief Operating Decision Maker, and are aligned to the industries in which our clients operate. All of our segments involve the delivery of business process services and include service arrangements where we manage a customer's business activity or process. We report our financial performance based on the following three primary reportable segments.

- Commercial Industries
- Healthcare
- Public Sector

Commercial Industries: Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries (other than healthcare). Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their key processes. Our multi-industry competencies include customer care, human resource management and finance and accounting services. These services are complemented by innovative industry-specific services such as personalized product information for the automotive industry; digitized source-to-pay solutions for clients in the manufacturing industry; customer experience and marketing services for clients in the retail industry; mortgage and consumer loan processing for clients in the financial services industry; and customized workforce learning solutions for clients in the aerospace industry.

Healthcare: Our Healthcare segment provides innovative industry-centric business process services and subject matter expertise to clients across the healthcare industry, including providers, payers, employers, pharmaceutical and life science companies and government agencies. We strive to enable our healthcare clients to focus on improving the patient care experience, lowering total costs and enabling better long-term health outcomes.

Public Sector: Our Public Sector segment provides government-centric business process services to U.S. federal, state and local and foreign governments for transportation, public assistance, program administration, transaction processing and payment services.

Other: Other includes our Government Health Enterprise Medicaid Platform business, where we are limiting our focus to implementing and maintaining systems for our current Health Enterprise clients, and our Student Loan business, which is in run-off. Other also includes non-allocated expenses as well as inter-segment eliminations.

Selected financial information for our reportable segments was as follows:

	Year Ended December 31,				
	Commercial Industries	Healthcare	Public Sector	Other [1]	Total
2016					
Revenue	$ 2,622	$ 1,681	$ 1,727	$ 328	$ 6,358
Related party revenue	48	2	1	(1)	50
Inter-segment revenue	20	3	3	(26)	—
Total Segment Revenue	$ 2,690	$ 1,686	$ 1,731	$ 301	$ 6,408
Depreciation and amortization [2]	$ 117	$ 66	$ 81	$ 69	$ 333
Segment profit (loss)	59	159	223	(245)	196
2015					
Revenue	$ 2,822	$ 1,746	$ 1,723	$ 318	$ 6,609
Related party revenue	51	2	—	—	53
Inter-segment revenue	23	2	4	(29)	—
Total Segment Revenue	$ 2,896	$ 1,750	$ 1,727	$ 289	$ 6,662
Depreciation and amortization [2]	$ 119	$ 64	$ 84	$ 83	$ 350
Segment profit (loss)	69	157	200	(489)	(63)
2014					
Revenue	$ 2,881	$ 1,738	$ 1,763	$ 502	$ 6,884
Related party revenue	51	3	—	—	54
Inter-segment revenue	21	2	4	(27)	—
Total Segment Revenue	$ 2,953	$ 1,743	$ 1,767	$ 475	$ 6,938
Depreciation and amortization [2]	$ 126	$ 101	$ 79	$ 71	$ 377
Segment profit (loss)	152	138	206	(49)	447

(1) Other results for 2016 includes a charge of $161 related to our NY MMIS project. $83 was recorded as a reduction to revenue and the remainder of $78 was recorded to Cost of outsourcing. Other results for 2015 include a charge of $389 related to our Health Enterprise platform implementations in California and Montana. $116 of the charge was recorded as a reduction to revenues and the remainder of $273 was recorded to Cost of outsourcing.

(2) Depreciation and amortization excludes amortization of intangible assets - see reconciliation below for amounts - as well as depreciation and amortization associated with Discontinued Operations. Refer to Note 4 - Divestitures for amounts.

The following is a reconciliation of segment (loss) profit to pre-tax (loss) income:

	Year Ended December 31,		
Segment (Loss) Profit Reconciliation to Pre-tax (Loss) Income	2016	2015	2014
Total Segment Profit (Loss)	$ 196	$ (63)	$ 447
Reconciling items:			
Goodwill impairment	(935)	—	—
Amortization of intangible assets	(280)	(250)	(250)
Restructuring and related costs [1]	(101)	(159)	(21)
Related party interest	(26)	(61)	(107)
Separation costs	(44)	—	—
Business transformation costs [2]	(3)	(3)	(14)
Other expenses, net	(34)	(38)	(45)
Pre-tax (Loss) Income	$ (1,227)	$ (574)	$ 10

(1) Restructuring and asset impairment charges were $73 , $159 , and $21 for each of the three years ended December 31, 2016 , 2015 and 2014 , respectively and Strategic transformation costs were $28 for the year ended December 31, 2016.

(2) Business transformation costs represent incremental costs incurred directly in support of our business transformation and restructuring initiatives such as compensation costs for overlapping staff, consulting costs and training costs.

Geographic area data is based upon the location of the subsidiary reporting the revenue or long-lived assets and is as follows for each of the years ended December 31:

	Revenues			Long-Lived Assets [1]	
	2016	2015	2014	2016	2015
United States	$ 5,686	$ 5,849	$ 5,923	$ 325	$ 393
Europe	547	616	786	38	42
Other areas	175	197	229	73	71
Total Revenues and Long-Lived Assets	$ 6,408	$ 6,662	$ 6,938	$ 436	$ 506

(1) Long-lived assets are comprised of (i) Land, buildings and equipment, net, (ii) Internal use software, net and (iii) Product software, net.

Our methodology to disclose revenue on a geographic basis changed to reflect where the work is contracted. All prior years have been adjusted to reflect this change in methodology.

Note 3 – Acquisitions

2016 Acquisitions

We did not make any acquisitions in 2016.

2015 Acquisitions

In September 2015 we acquired **RSA Medical LLC (RSA Medical)** for approximately $141 in cash. RSA Medical is a leading provider of health assessment and risk management for members interacting with health and life insurance companies. The acquisition of RSA Medical expands our portfolio of healthcare service offerings to payers and life insurers using predictive analytics to enhance member outreach services aimed at improving overall population health. RSA Medical is included in our Healthcare segment. In 2016, we recorded accelerated amortization of intangible assets of $16 as a result of the loss of a large contract.

In September 2015 , we acquired **inVentive Patient Access Solutions (iPAS)** , an inVentiv Health company, for approximately $15 in cash. This acquisition expands our portfolio of pharmaceutical services with an offering to help pharmaceutical companies drive product adoption and support patients in minimizing and eliminating financial and reimbursement hurdles. iPAS is included in our Healthcare segment.

In May 2015 , we acquired **Healthy Communities Institute Corporation (HCI)** , for approximately $13 in cash. HCI provides a leading cloud platform that puts socioeconomic and community health information at the fingertips of hospitals, public health agencies and community coalitions. HCI is included in our Healthcare segment.

In January 2015 we acquired **Intellinex LLC** (Intellinex), formerly Intrepid Learning Solutions, Inc., a Seattle-based company, for $28 in cash. Intellinex provides outsourced learning services primarily in the aerospace manufacturing and technology industries. The acquisition of Intellinex solidifies our position as a leading provider of end-to-end outsourced learning services, and adds key vertical market expertise in the aerospace industry. Intellinex is included in our Commercial Industries segment.

2015 Summary

All of our 2015 acquisitions resulted in 100% ownership of the acquired companies. The operating results of the acquired companies described above were not material to our consolidated financial statements and were included within our results from their respective acquisition dates. Our 2015 acquisitions contributed aggregate revenues of approximately $57 and $40 to our 2016 and 2015, respectively, total revenues from their respective acquisition dates. The purchase prices for all acquisitions were primarily allocated to intangible assets and goodwill based on third-party valuations and management's estimates. The primary elements that generated the goodwill are the value of synergies and the acquired assembled workforce. Approximately 60% of the goodwill recorded in 2015 is expected to be deductible for tax purposes.

2014 Acquisitions

In September 2014 , we acquired **Consilience Software, Inc. (Consilience)** for approximately $25 in cash. Consilience provides case management and workflow automation software solutions to the public sector.

Consilience's proprietary Maven Case Management software system uses data and process analytics to help government agencies extract more value from their information. The intelligent case management system automates workflows for document- and labor-intensive processes and integrates previously siloed legacy systems for accelerated decision-making. Consilience is included in our Public Sector segment.

In May 2014 , we acquired **ISG Holdings, Inc. (ISG)** for approximately $225 in cash. The acquisition of ISG enhances our Healthcare segment by providing a comprehensive workers' compensation suite of offerings to the property and casualty sector. In addition, the acquisition expands our services to property and casualty insurance carriers, third-party administrators, managed care services providers, governments and self-administered employers who require comprehensive reviews of medical bills and implementation of care management plans stemming from workers' compensation claims. ISG is included in our Healthcare segment.

In January 2014 , we acquired **Invoco Holding GmbH (Invoco)** , a German company, for approximately $54 (€40 million) in cash. The acquisition of Invoco expands our European customer care services and provides our global customers immediate access to German-language customer care services and provides Invoco's existing customers access to our broad business process outsourcing capabilities. Invoco is included on our Commercial Industries segment.

We also acquired one additional business in 2014 for $2 in cash, primarily related to customer care and software support.

2014 Summary

All of our 2014 acquisitions resulted in 100% ownership of the acquired companies. The operating results of the acquired companies described above were not material to our consolidated financial statements and were included within our results from the respective acquisition dates. Our 2014 acquisitions contributed aggregate revenues of approximately $181 , $183 and $130 to our 2016 , 2015 and 2014 total revenues, respectively, from their respective acquisition dates. The purchase prices for all acquisitions were primarily allocated to intangible assets and goodwill based on third-party valuations and management's estimates.

Contingent Consideration

In connection with certain acquisitions, we are obligated to make contingent payments if specified contractual performance targets are achieved. Contingent consideration obligations are recorded at their respective fair value. In December 2016, we reversed approximately $12 related to a settlement of a previous years acquisition contingency. As of December 31, 2016, the maximum aggregate amount of outstanding contingent obligations to former owners of acquired entities was approximately $13 , of which $11 was accrued representing the estimated fair value of this obligation.

Refer to Note 7 - Goodwill and Intangible Assets, Net for additional information regarding Acquisitions.

Note 4 – Divestitures

Information Technology Outsourcing (ITO)

In December 2014 , we announced an agreement to sell our ITO business to Atos and began reporting it as a Discontinued Operation. All prior periods were accordingly revised to conform to this presentation. The sale was completed on June 30, 2015. The final sale price of approximately $940 ($ 930 net of cash sold) reflects closing adjustments, including an adjustment for changes in net asset values and additional proceeds for the condition of certain assets at the closing. Atos also assumed approximately $85 of capital lease obligations and pension liabilities. Net after-tax proceeds are estimated to be approximately $850 , which reflects expected cash taxes as well as our transaction and transition costs associated with the disposal. The ITO business included approximately 9,600 employees in 42 countries, who were transferred to Atos upon closing.

In 2014, we recorded a net pre-tax loss of $181 related to the pending sale, reflecting the write-down of the carrying value of the ITO disposal group, inclusive of goodwill, to its estimated fair value less costs to sell. In 2015, we recorded an additional net pre-tax loss of $77 primarily at closing related to an adjustment of the sales price and related expenses associated with the disposal, as well as reserves for certain obligations and indemnifications we retained as part of the final closing negotiations. In addition, we recorded additional tax expense of $52 primarily related to the difference between the book basis and tax basis of allocated goodwill, which could only be recorded upon final disposal of the business.

In February 2016, we reached an agreement with Atos on the final adjustments to the closing balance of net assets sold as well as the settlement of certain indemnifications and recorded an additional pre-tax loss on the disposal in 2015 of $ 24 ($ 14 after-tax). The additional loss was recorded in 2015 as the financial statements had not yet been issued when the agreement was reached with Atos. We made a payment in 2016 to Atos of approximately $ 52 , representing a $ 28 adjustment to the final sales price as a result of this agreement and a payment of $ 24 due from closing. The payment is reflected in Investing cash flows as an adjustment of the sales proceeds.

Other Discontinued Operations

In May 2014 we sold our **Truckload Management Services, Inc. (TMS)** business for $15 and recorded a net pre-tax loss on disposal of $1 . TMS provided document capture and submission solutions as well as campaign management, media buying and digital marketing services to the long haul trucking and transportation industry.

Summarized financial information for our Discontinued Operations is as follows:

	Year Ended December 31,				
	2015		2014		
	ITO	Total	ITO	TMS	Total
Revenues	$ 619	$ 619	$ 1,320	$ 18	$ 1,338
Income (loss) from operations [(1),(2)]	$ 104	$ 104	$ 74	$ —	$ 74
Loss on disposal	(101)	(101)	(181)	(1)	(182)
Net income (loss) before income taxes	$ 3	$ 3	$ (107)	$ (1)	$ (108)
Income tax expense	(81)	(81)	(5)	(2)	(7)
Loss from discontinued operations, net of tax	$ (78)	$ (78)	$ (112)	$ (3)	$ (115)

(1) ITO income from operations for the year ended December 31, 2015, excludes approximately $ 80 of depreciation and amortization expense (including $ 14 for intangible amortization) since the business was held for sale.

(2) ITO Income from operations for the year ended December 31, 2014 includes approximately $ 160 of depreciation and amortization expense (including $27 for intangible amortization).

The following is a summary of selected financial information of the ITO business for the two years ended December 31,:

	Year Ended December 31,	
	2015	2014
Expenses:		
Depreciation of buildings and equipment [(1)]	$ —	$ 98
Amortization of internal use software [(1)]	—	9
Amortization of acquired intangible assets [(1)]	—	27
Amortization of customer contract costs [(1)]	—	26
Operating lease rent expense	130	258
Defined contribution plans	4	8
Interest expense [(2)]	2	4
Expenditures:		
Cost of additions to land, buildings and equipment	$ 41	$ 105
Cost of additions to internal use software	1	2
Customer-related deferred set-up/transition and inducement costs	10	26

(1) ITO income from operations for the year ended December 31, 2015, excludes approximately $ 80 of depreciation and amortization expense (including $ 14 for intangible amortization) since the business was held for sale.

(2) Interest expense is related to capital lease obligations, which were assumed by the purchaser of the ITO business.

Note 5 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	December 31,	
	2016	2015
Amounts billed or billable	$ 1,014	$ 963
Unbilled amounts	279	289
Allowance for doubtful accounts	(7)	(6)
Accounts Receivable, Net	$ 1,286	$ 1,246

Unbilled amounts include amounts associated with percentage-of-completion accounting and other earned revenues not currently billable due to contractual provisions. Amounts to be invoiced in subsequent months for current services provided are included in amounts billable, and at December 31, 2016 and 2015 were approximately $429 and $443 , respectively.

We perform ongoing credit evaluations of our customers and adjust credit limits based upon customer payment history and current creditworthiness. The allowance for uncollectible accounts receivables is determined principally on the basis of past collection experience as well as consideration of current economic conditions and changes in our customer collection trends.

Accounts Receivable Sales Arrangements

Accounts receivable sales arrangements were utilized in the normal course of business as part of our cash and liquidity management. We have facilities in the U.S. and Europe that enable us to sell certain accounts receivable without recourse to third-parties. The accounts receivables sold are generally short-term trade receivables with payment due dates of less than 60 days. All of our arrangements involve the sale of our entire interest in groups of accounts receivable for cash.

Under most of the agreements, we continue to service the sold accounts receivable. When applicable, a servicing liability is recorded for the estimated fair value of the servicing. The amounts associated with the servicing liability were not material.

Of the accounts receivables sold and derecognized from our balance sheet, zero remained as uncollected as of December 31, 2016 and $136 remained uncollected as of December 31, 2015. Accounts receivable sales were as follows:

	Year Ended December 31,		
	2016	2015	2014
Accounts receivable sales	$ 250	$ 325	$ 343
Estimated increase (decrease) to operating cash flows [1]	(136)	58	(4)

(1) Represents the difference between current and prior year fourth quarter receivable sales adjusted for the effects of: (i) deferred proceeds, (ii) collections prior to the end of the year and (iii) currency.

Note 6 - Land, Buildings, Equipment and Software, Net

Land, buildings and equipment, net were as follows:

	Estimated Useful Lives	December 31,	
	(Years)	2016	2015
Land		$ 10	$ 10
Building and building equipment	25 to 50	20	28
Leasehold improvements	Varies	236	208
Office furniture and equipment	3 to 15	719	689
Other	4 to 20	1	3
Construction in progress		54	26
Subtotal		1,040	964
Accumulated depreciation		(757)	(684)
Land, Buildings and Equipment, Net		$ 283	$ 280

Depreciation expense and operating lease rent expense were as follows:

	Year Ended December 31,		
	2016	2015	2014
Depreciation expense	$ 130	$ 126	$ 145
Operating lease rent expense	$ 378	$ 389	$ 385

We lease buildings and equipment, substantially all of which are accounted for as operating leases. Certain leases were accounted for as capital leases and the remaining net book value of those assets, included in Land, Buildings and Equipment, Net were approximately $42 and $57 at December 31, 2016 and 2015, respectively.

Future minimum operating lease commitments that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2016 were as follows:

2017	2018	2019	2020	2021	Thereafter
$ 176	$ 127	$ 89	$ 56	$ 36	$ 46

Internal Use and Product Software [1]

Additions to Internal Use and Product Software as well as year-end balances for these assets were as follows:

	Year Ended December 31,		
Additions to:	2016	2015	2014
Internal use software	$ 39	$ 27	$ 27
Product software	10	19	23

	December 31,	
Capitalized Costs, Net	2016	2015
Internal use software	$ 115	$ 119
Product software	38	107

Useful lives of our internal use and product software generally vary from three to seven years.

Included within product software at December 31, 2016 and 2015 is $3 and $53 , respectively, of capitalized costs associated with software system platforms developed for use in certain of our government services businesses.

During 2016 we determined that it is probable that we will not fully complete our NY MMIS project in its current form. As a result of this decision an impairment charge of approximately $28 was recorded in Cost of outsourcing. We also recorded an additional impairment charge in 2016 related to the 2015 HE charge of approximately $9 in Restructuring and asset impairment. In 2015 we decided to discontinue certain future implementations of these software system platforms, and recorded an impairment charge of $160 ($14 in Cost of outsourcing and $146 in Restructuring and asset impairments).

(1) *Balances included in Other Long-term assets, refer to Note 9 - Supplementary Financial Information for additional information.*

Note 7 - Goodwill and Intangible Assets, Net

Goodwill

The following table presents the changes in the carrying amount of goodwill, by reportable segment:

	Commercial Industries	Healthcare	Public Sector	Total
Balance at December 31, 2014	$ 1,939	$ 1,123	$ 1,722	$ 4,784
Foreign currency translation	(30)	(9)	(18)	(57)
Acquisitions:				
RSA Medical	—	107	—	107
Intellinex	19	—	—	19
Consilience	—	12	—	12
Reclassifications [1]	(61)	61	—	—
Other	—	7	—	7
Balance at December 31, 2015	$ 1,867	$ 1,301	$ 1,704	$ 4,872
Foreign currency translation	(22)	(8)	(14)	(44)
Acquisitions: RSA Medical	—	(2)	—	(2)
Disposition: Nuova Karel Solutions	(2)	—	—	(2)
Impairment	(935)	—	—	(935)
Balance at December 31, 2016	$ 908	$ 1,291	$ 1,690	$ 3,889

(1) Represents the reclassification of certain Healthcare contracts from our Commercial Industries segment to our Healthcare segment.

2016 Impairment Charge

As required by ASC 350 Intangibles - Goodwill and Other, we annually test the goodwill of our reporting units for impairment. For Step 1 of the test, as in prior years, we determined the fair value of our reporting units utilizing a combination of both an Income Approach and a Market Approach to calculate fair value for each reporting unit. We then compare the fair value of each reporting unit to its carrying value. The Income Approach utilizes a discounted cash flow analysis based upon the forecasted future business results of our reporting units. The Market Approach utilizes the guideline public company method. We apply a two-thirds and one-third weighting to the results of the Income Approach and the Market Approach, respectively, to calculate the fair value of each reporting unit's equity.

In 2016, based on the declining operating results of our Commercial Industries reporting unit, including a weak fourth quarter, we determined to proceed to the quantitative assessment of the recoverability of our goodwill balances for each of our reporting units in performing our annual impairment test. Based on our quantitative assessments, we concluded that the fair value of our Commercial Industries reporting unit was less than its carrying value by approximately 53% , indicating an impairment. Accordingly, based on Step 2 of the impairment process, we recorded a pre-tax goodwill impairment charge of $935 during the fourth quarter of 2016, which is separately presented in the Consolidated Statements of Income (Loss). After the charge, the goodwill of the Commercial Industries reporting unit approximates fair value. Our Healthcare and Public Sector reporting units passed Step 1 of the impairment test with fair value exceeding carrying value by approximately 19% and 14% , respectively.

Intangible Assets, Net

Net intangible assets were $1,144 at December 31, 2016 of which $458 , $264 and $422 relate to our Commercial Industries, Healthcare and Public Sector segments, respectively. Intangible assets were comprised of the following:

		December 31, 2016			December 31, 2015		
	Weighted Average Amortization	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	12 years	$ 2,924	$ 1,788	$ 1,136	$ 2,927	$ 1,528	$ 1,399
Trademarks	9 years	—	—	—	22	4	18
Technology, patents and non-compete	4 years	11	3	8	13	5	8
Total Intangible Assets		$ 2,935	$ 1,791	$ 1,144	$ 2,962	$ 1,537	$ 1,425

Amortization expense related to intangible assets was $280 , $250 , and $250 for the years ended December 31, 2016 , 2015 and 2014 , respectively. 2016 included $14 of accelerated amortization of Trademarks related to our re-branding to Conduent and $16 related to the accelerated amortization of RSA due to the loss of a large customer in customer relationships. Excluding the impact of additional acquisitions, amortization expense is expected to approximate $243 in 2017 , $242 in 2018, $241 in 2019, $238 in 2020 and $136 in 2021 .

Note 8 – Restructuring Programs and Asset Impairment Charges

We engage in a series of restructuring programs related to downsizing our employee base, exiting certain activities, outsourcing certain internal functions and engaging in other actions designed to reduce our cost structure and improve productivity. These initiatives primarily consist of severance actions and impact all major geographies and segments. Management continues to evaluate our business, therefore, in future years, there may be additional provisions for new plan initiatives as well as changes in previously recorded estimates as payments are made or actions are completed. Asset impairment charges were also incurred in connection with these restructuring actions for those assets sold, abandoned or made obsolete as a result of these programs.

Costs associated with restructuring, including employee severance and lease termination costs are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility. In those geographies where we have either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, we recognize employee severance costs when they are both probable and reasonably estimable.

A summary of our restructuring program activity during the three years ended December 31, 2016 is as follows:

	Severance and Related Costs	Lease Cancellation and Other Costs	Asset Impairments [1]	Total
Balance at December 31, 2013	$ 14	$ 3	$ —	$ 17
Restructuring provision	28	2	2	32
Reversals of prior accruals	(10)	(1)	—	(11)
Net current period charges - continuing operations [2]	18	1	2	21
Discontinued operations [3]	2	—	—	2
Total Net Current Period Charges	20	1	2	23
Charges against reserve and currency	(26)	(1)	(2)	(29)
Balance at December 31, 2014	8	3	—	11
Restructuring provision	20	1	146	167
Reversals of prior accruals	(6)	(2)	—	(8)
Net current period charges - continuing operations [2]	14	(1)	146	159
Charges against reserve and currency	(18)	(2)	(146)	(166)
Balance at December 31, 2015	4	—	—	4
Restructuring provision	67	7	12	86
Reversals of prior accruals	(13)	—	—	(13)
Net current period charges - continuing operations [2]	54	7	12	73
Charges against reserve and currency	(43)	(2)	(11)	(56)
Balance at December 31, 2016	$ 15	$ 5	$ 1	$ 21

(1) Charges associated with asset impairments represent the write-down of the related assets to their new cost basis and are recorded concurrently with the recognition of the provision.
(2) Represents amount recognized within the Consolidated Statements of Income for the years shown.
(3) Refer to Note 4 - Divestitures for additional information regarding Discontinued Operations.

We also recorded costs related to professional support services associated with the implementation of the strategic transformation program of $28 during the year ended December 31, 2016.The following table summarizes the reconciliation to the Consolidated Statements of Cash Flows:

	Year Ended December 31,		
	2016	2015	2014
Charges against reserve	$ (56)	$ (166)	$ (29)
Asset impairments	11	146	2
Effects of foreign currency and other non-cash items	(1)	1	4
Restructuring Cash Payments	$ (46)	$ (19)	$ (23)

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by segment:

	Year Ended December 31,		
	2016	2015	2014
Commercial Industries	$ 41	$ 8	$ 11
Healthcare	19	3	4
Public Sector	9	2	4
Other [1]	4	146	2
Total Net Restructuring Charges	$ 73	$ 159	$ 21

(1) Refer to Note 6 - Land, Buildings, Equipment and Software, Net for additional information regarding the asset impairment in 2015.

Note 9 - Supplementary Financial Information

The components of Other assets and liabilities were as follows:

	December 31,	
	2016	2015
Other Current Assets		
Prepaid/deferred costs	$ 87	$ 92
Income taxes receivable	14	10
Value-added tax (VAT) receivable	18	16
Restricted cash	22	16
Inventories [(1)]	41	41
Advances and deposits	29	28
Other	30	37
Total Other Current Assets	$ 241	$ 240
Other Current Liabilities		
Income taxes payable	$ 5	$ 9
Other taxes payable	14	21
Consulting payable	12	11
Restructuring reserves	18	4
Legal settlements	78	57
Acquisition reserves	2	9
Due to customers	13	19
Software and hardware accruals	20	35
Servicer liabilities	—	10
Due to Atos [(2)]	—	52
Health Enterprise settlement	48	216
NY MMIS wind down cost accrual	46	—
Other	355	402
Total Other Current Liabilities	$ 611	$ 845
Other Long-term Assets		
Deferred taxes	$ 14	$ 13
Income taxes receivable	17	—
Prepaid pension costs	—	9
Internal use software, net	115	119
Product software, net	38	107
Customer contract costs, net	137	170
Deferred compensation plan investments	109	113
Unbilled contract receivables	14	53
Other	32	23
Total Other Long-term Assets	$ 476	$ 607
Other Long-term Liabilities		
Income taxes payable	17	24
Unearned income	74	100
Other	82	77
Total Other Long-term Liabilities	$ 173	$ 201

(1) Represents Finished goods inventory.
(2) Refer to Note 4 - Divestitures for additional information.

Restricted Cash

As more fully discussed in Note 5 - Accounts Receivable, Net, we continue to service the receivables sold under most of our receivable sale agreements. As servicer, we may collect cash related to sold receivables prior to year-end that will be remitted to the purchaser the following year. Since we are acting on behalf of the purchaser in our capacity as servicer, such cash collected is reported as restricted cash. Restricted cash amounts are classified in our Consolidated Balance Sheets based on when the cash will be contractually or judicially released.

Restricted cash amounts were as follows:

	December 31,	
	2016	2015
Escrow and cash collections related to receivable sales	$ —	$ 10
Restricted cash - related party [1]	18	—
Other restricted cash	4	6
Total Restricted Cash	$ 22	$ 16

(1) *Represents restricted cash associated with former parent guarantees of our contractual performance. Amounts will be held in escrow until the parent guarantees have been removed from the underlying customer, vendor or lease contracts.*

NY MMIS and Health Enterprise

Due to a number of factors with the implementation of the Health Enterprise platform in New York ("NY MMIS"), we believe that it is probable that we will not fully complete the implementation; therefore, in the fourth quarter of 2016, we recorded a charge of approximately $161 reflecting estimated asset impairments, wind down costs and other impacts from this project. The charge included $83 for write-off of contract receivables, $28 related to the non-cash impairment of software, $14 for the write-off of customer contract costs and $36 for other related assets and liabilities. The balance of wind down costs of $46 expected to be cash outflows in future quarters.

Late in third quarter 2015, discussions took place with our Medicaid clients in California and Montana regarding the status and scope of our current Health Enterprise platform projects in those states. Based on those discussions, we determined that we would not fully complete the implementation of the platform in these states.

As a result of the determination that we would not complete these platform implementations, we recorded a pre-tax charge of $389 reflecting write-offs and estimated settlement costs as well as other impacts from this determination. The charge included $116 for the write-off of contract receivables (primarily non-current), $34 related to the non-cash impairment of the Health Enterprise software and deferred contract set-up and transition costs and $23 for other related assets and liabilities. The balance of settlement costs, including payments to subcontractors, was $48 at December 31, 2016, and is expected to be cash outflows in future quarters.

Note 10 – Debt

Short-term borrowings were as follows:

	December 31,	
	2016	2015
Related party notes payable [(1)]	$ —	$ 1,132
Current maturities of long-term debt	28	24
Total Short-term Debt	$ 28	$ 1,156

(1) Refer to Note 20 - Related Party Transactions and Former Parent Company Investment for additional information.

We classify our debt based on the contractual maturity dates of the underlying debt instruments or as of the earliest put date available to the debt holders. We defer costs associated with debt issuance over the applicable term. These costs are amortized as interest expense in our Consolidated Statements of Income.

Long-term debt was as follows:

	Weighted Average Interest Rates at December 31, 2016 [1]	December 31, 2016	December 31, 2015
Term loan A due 2021	2.99%	$ 694	$ —
Term loan B due 2023	6.81%	750	—
Senior notes due 2024	10.51%	510	—
Capital lease obligations	3.89%	43	61
Principal Debt Balance		$ 1,997	$ 61
Debt issuance costs and unamortized discounts		(56)	—
Less: current maturities		(28)	(24)
Total Long-term Debt		$ 1,913	$ 37

(1) Represents weighted average effective interest rate which includes the effect of discounts and premiums on issued debt.

Scheduled principal payments due on our long-term debt for the next five years and thereafter are as follows:

2017 [1]	2018	2019	2020	2021	Thereafter	Total
$ 28	$ 72	$ 67	$ 79	$ 528	$ 1,223	$ 1,997

(1) Quarterly long-term debt maturities for 2017 are $7 , $7 , $7 and $7 for the first, second, third and fourth quarters, respectively.

Credit Facility

On December 7, 2016 , we entered into a $2.2 billion senior secured credit agreement (Credit Agreement) among the Company, its subsidiaries Xerox Business Services, LLC (XBS), Affiliated Computer Services International B.V. and Conduent Finance, Inc. (CFI), the lenders party and JP Morgan Chase Bank, N.A., as the administrative agent. The Credit Agreement contains senior secured credit facilities (Senior Credit Facilities) consisting of:

(i) Senior Secured Term Loan A (Term Loan A) due 2021 with an aggregate principal amount of $700 ;
(ii) Senior Secured Term Loan B (Term Loan B) due 2023 with an aggregate principal amount of $750 ;
(iii) Senior Revolving Credit Facility (Revolving Credit Facility) due 2021 with an aggregate available amount of $750 including a sublimit for up to $300 available for the issuance of letters of credit.

Borrowings under the Term Loan A Facility and the Revolving Credit Facility will bear interest at a rate equal to either the sum of a base rate plus a margin ranging from 1.00% and 1.50% or the sum of a Eurocurrency rate plus an applicable rate ranging from 2.00% to 2.50% , with either such margin varying according to the total net leverage ratio of XBS. Borrowing under Term Loan B Facility will bear interest at a rate equal to the sum of a base rate plus 4.5% , or the sum of a Eurocurrency rate plus 5.5% . XBS is required to pay a quarterly commitment fee under the Revolving Credit Facility at a rate ranging from 0.35% to 0.40% per annum, with such rate varying according to the total net leverage ratio of XBS and the actual daily unused portion of the commitments during the applicable quarter. XBS is also required to pay a fee equal to the adjusted LIBOR on the aggregate face amount of outstanding letters of credit under the Revolving Credit Facility.

The Credit Agreement permits us to incur incremental term loan borrowings and /or increase commitments under the Revolving Credit Facility, subject to certain limitations and satisfaction of certain conditions, in an aggregate amount not to exceed (i) $300 plus, (ii) if the senior secured net leverage ratio of XBS and its subsidiaries does not exceed 2.25 to 1.00 on a pro forma basis (without giving effect to any incurrence under clause (i) that is incurred substantially simultaneously with amounts incurred under clause (ii)), an unlimited amount.

All obligations under the Senior Credit Facilities are unconditionally guaranteed by the Company, XBS, CFI and the existing and future direct and indirect wholly owned domestic subsidiaries of XBS (subject to certain exceptions). All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of XBS and the guarantors under the Senior Credit Facilities (other than the Company and CFI), including a first-priority pledge of all the capital stock of XBS and the subsidiaries of XBS directly held by XBS or the guarantors (other than the Company and CFI) under the Senior

Credit Facilities (which pledge, in the case of any foreign subsidiary, will be limited to 65% of the capital stock of any first-tier foreign subsidiary).

The Credit Facility contains certain customary affirmative and negative covenants, restrictions and events of default. XBS is required to maintain a total net leverage ratio not to exceed 4.25 to 1.00 (a quarterly test) for each quarter through September 30, 2018 and 3.75 to 1.00 for each quarter thereafter.

The net proceeds of the borrowings under the Term Loan A of $700 (approximately $278 borrowed in Euros) and Term Loan B of $750 , were used to purchase our international subsidiaries from Xerox Corporation, to pay a distribution to Xerox Corporation and for working capital and other general corporate purposes. At December 31, 2016 we had $1,444 outstanding borrowings under our Credit Facility and had utilized $17 of our Revolving Credit Facility capacity to issue letters of credit. Discounts and debt issuance costs of $39 were deferred.

Senior Notes

On December 7, 2016 , XBS and CFI, each a wholly owned subsidiary of the Company, issued $510 Senior Unsecured Notes due 2024 bearing interest at 10.5% (the "Senior Notes"). Interest is payable semi-annually, beginning on June 15, 2017. Discounts and debt issuance costs of $17 were deferred.

At the option of the Issuers, the Senior Notes are redeemable in whole or in part, at any time prior to December 15, 2020, at a price equal to 100% of the aggregate principal amount of the Senior Notes plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus a “make-whole” premium. The Issuers may also redeem the Senior Notes, in whole or in part, at any time on or after December 15, 2020, at the redemption prices specified in the Indenture, plus accrued and unpaid interest, if any, to but excluding the redemption date. Additionally, at any time prior to December 15, 2019, the Issuers may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds from certain equity offerings at a price equal to 110.50% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The Senior Notes are jointly and severally guaranteed on a senior unsecured basis by the Company and each of the existing and future domestic subsidiaries of CFI or XBS that guarantee the obligations under the Senior Credit Facilities.

Proceeds from the issuance were used to fund a portion of the transfer of cash to Xerox Corporation in connection with the Spin-Off.

Interest

Interest paid on our short-term and long-term debt amounted to $6 , $9 and $13 for the years ended December 31, 2016, 2015 and 2014 , respectively.

Interest expense and interest income was as follows:

	Year Ended December 31,		
	2016	2015	2014
Interest expense	$ 14	$ 8	$ 11
Interest income	3	3	1

Note 11 – Financial Instruments

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts to manage foreign currency exposures. Our primary foreign currency market exposures include the Philippine Peso, Indian Rupee and Mexican Peso. The fair market values of all our derivative contracts change with fluctuations in interest rates or currency exchange rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

We do not believe there is significant risk of loss in the event of non-performance by the counterparty associated with our derivative instruments because these transactions are executed with a major financial institution. Further, our policy is to deal only with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

Summary of Foreign Exchange Hedging Positions

At December 31, 2016 , we had outstanding forward exchange with gross notional values of $139 , which is typical of the amounts that are normally outstanding at any point during the year.

Approximately 61% of these contracts mature within three months, 15% in three to six months, 18% in six to twelve months and less than 6% in greater than 12 months.

The following is a summary of the primary hedging positions and corresponding fair values as of December 31, 2016 :

Currencies Hedged (Buy/Sell)	Gross Notional Value	Fair Value Asset (Liability) [1]
Philippine Peso/U.S. Dollar	$ 52	$ (1)
Indian Rupee/U.S. Dollar	33	—
Mexican Peso/U.S. Dollar	18	(1)
Euro/U.S. Dollar	10	—
All Other	26	—
Total Foreign Exchange Hedging	$ 139	$ (2)

(1) Represents the net receivable (payable) amount included in the Consolidated Balance Sheet at December 31, 2016 .

Foreign Currency Cash Flow Hedges

We designate a portion of our foreign currency derivative contracts as cash flow hedges of our foreign currency-denominated expenses. The net liability fair value of these contracts were $3 and $3 as of December 31, 2016 and December 31, 2015 , respectively.

Summary of Derivative Instruments Fair Value

The following table provides a summary of the fair value amounts of our derivative instruments:

		December 31,	
Designation of Derivatives	Balance Sheet Location	2016	2015
Derivatives Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current liabilities	$ (3)	$ (3)
Derivatives NOT Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 1	$ —

Summary of Derivative Instruments Gains (Losses)

Derivative gains and (losses) affect the income statement based on whether such derivatives are designated as hedges of underlying exposures. The following is a summary of derivative gains and (losses).

Designated Cash Flow Derivative Instruments Gains (Losses)

The following tables provide a summary of gains (losses) on derivative instruments:

	Year Ended December 31,						
	Derivative Gain (Loss) Recognized in OCI (Effective Portion)			Location of Derivative Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Reclassified from AOCI to Income (Effective Portion)		
Derivatives in Cash Flow Hedging Relationships	2016	2015	2014		2016	2015	2014
Foreign exchange contracts – forwards	$ (2)	$ (4)	$ —	Cost of outsourcing	$ (2)	$ (5)	$ 3

No amount of ineffectiveness was recorded in the Consolidated Statements of Income (Loss) for these designated cash flow hedges and all components of each derivative's gain or (loss) were included in the assessment of hedge effectiveness. In addition, no amount was recorded for an underlying exposure that did not occur or was not expected to occur.

As of December 31, 2016 , net after-tax losses of $1 were recorded in accumulated other comprehensive loss associated with our cash flow hedging activity. The entire balance is expected to be reclassified into net income within the next 12 months, providing an offsetting economic impact against the underlying anticipated transactions.

Non-Designated Derivative Instruments Losses

Non-designated derivative instruments are primarily instruments used to hedge foreign currency-denominated assets and liabilities. They are not designated as hedges since there is a natural offset for the re-measurement of the underlying foreign currency-denominated asset or liability.

The following table provides a summary of losses on non-designated derivative instruments:

		Year Ended December 31,		
Derivatives NOT Designated as Hedging Instruments	Location of Derivative Loss	2016	2015	2014
Foreign exchange contracts – forwards	Other expense – Currency losses, net	$ 1	$ 3	$ 2

During each of the three years ended December 31, 2016 , 2015 and 2014, we recorded Currency gains (losses), net of $1 , $(4) and $1 , respectively. Currency gains (losses), net, includes the mark-to-market adjustments of the derivatives not designated as hedging instruments and the related cost of those derivatives, as well as the re-measurement of foreign currency-denominated assets and liabilities.

Note 12 – Fair Value of Financial Assets and Liabilities

The following table represents assets and liabilities fair value measured on a recurring basis. The basis for the measurement at fair value in all cases is Level 2 – Significant Other Observable Inputs.

	As of December 31,	
	2016	2015
Assets:		
Foreign exchange contracts - forwards	$ 1	$ —
Deferred compensation investments in cash surrender life insurance	99	92
Deferred compensation investments in mutual funds	10	21
Total	$ 110	$ 113
Liabilities:		
Foreign exchange contracts - forwards	$ 3	$ 3
Deferred compensation plan liabilities	113	110
Total	$ 116	$ 113

We utilize the income approach to measure the fair value for our derivative assets and liabilities. The income approach uses pricing models that rely on market observable inputs such as yield curves, currency exchange rates and forward prices, and therefore are classified as Level 2.

Fair value for our deferred compensation plan investments in company-owned life insurance is reflected at cash surrender value. Fair value for our deferred compensation plan investments in mutual funds is based on quoted market prices for actively traded investments similar to those held by the plan. Fair value for deferred compensation plan liabilities is based on the fair value of investments corresponding to employees' investment selections, based on quoted prices for similar assets in actively traded markets.

Summary of Other Financial Assets and Liabilities Fair Value Measured on a Nonrecurring Basis

The estimated fair values of our other financial assets and liabilities fair value measured on a nonrecurring basis were as follows:

	December 31, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 390	$ 390	$ 140	$ 140
Restricted cash - related party	18	18	—	—
Accounts receivable, net	1,286	1,286	1,246	1,246
Short-term debt	28	28	24	24
Long-term debt	1,913	1,933	37	37

The fair value amounts for Cash and cash equivalents, Restricted cash - related party and Accounts receivable, net, approximate carrying amounts due to the short maturities of these instruments. The fair value of Short and Long-term debt was estimated based on the current rates offered to us for debt of similar maturities (Level 2). The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at such date.

The fair value of the Goodwill impairment charge of $935 recorded in 2016, was estimated based on a determination of the implied fair value of goodwill, leveraging discounted cash flows (Level 3). Refer to Note 7 - Goodwill and Intangible Assets for additional information regarding this impairment.

Note 13 – Employee Benefit Plans

Our defined benefit pension plans are primarily associated with certain employees in our Human Resources and Consulting business located in the U.S., Canada and the United Kingdom (U.K.). Prior to an amendment to freeze future service benefits, these defined benefit pension plans had provided benefits for participating employees based on years of service and average compensation for a specified period before retirement (see Plan Amendment below for further information).

Certain of our employees participate in post-employment medical plans. These plans are not material to our results of operations or financial position and are not included in the disclosures below.

December 31 is the measurement date for all of our defined benefit pension plans.

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	2016	2015	2016	2015
Change in Benefit Obligation:				
Benefit obligation, January 1	$ 74	$ 74	$ 157	$ 177
Service cost	—	—	2	3
Interest cost	3	3	5	6
Actuarial (gain) loss	13	(2)	27	(13)
Currency exchange rate changes	—	—	(19)	(14)
Benefits paid/settlements	(1)	(1)	(8)	(5)
Other	—	—	—	3
Benefit Obligation, December 31	$ 89	$ 74	$ 164	$ 157
Change in Plan Assets:				
Fair value of plan assets, January 1	$ 47	$ 45	$ 150	$ 158
Actual return on plan assets	2	(2)	15	3
Employer contribution	4	4	2	4
Currency exchange rate changes	—	—	(19)	(12)
Benefits paid/settlements	(1)	(1)	(8)	(5)
Other	—	1	—	2
Fair Value of Plan Assets, December 31	$ 52	$ 47	$ 140	$ 150
Net Funded Status at December 31 [(1)]	$ (37)	$ (27)	$ (24)	$ (7)
Amounts Recognized in the Consolidated Balance Sheets:				
Other long-term assets	$ —	$ —	$ —	$ 9
Accrued compensation and benefit costs	—	—	(2)	(1)
Pension and other benefit liabilities	(37)	(27)	(22)	(15)
Net Amounts Recognized	$ (37)	$ (27)	$ (24)	$ (7)

(1) Includes under-funded and un-funded plans.

Benefit plans pre-tax amounts recognized in Accumulated other comprehensive loss (AOCL) at December 31:

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	2016	2015	2016	2015
Net actuarial loss	$ 31	$ 18	$ 42	$ 29
Accumulated Benefit Obligation	$ 89	$ 74	$ 157	$ 154

Aggregate information for pension plans with an Accumulated benefit obligation in excess of plan assets is presented below:

	December 31, 2016			December 31, 2015		
	Projected benefit obligation	Accumulated benefit obligation	Fair value of plan assets	Projected benefit obligation	Accumulated benefit obligation	Fair value of plan assets
Underfunded Plans:						
U.S.	$ 89	$ 89	$ 52	$ 74	$ 74	$ 46
Non U.S.	162	156	140	50	48	36
Unfunded Plans:						
Non U.S.	2	1	—	2	1	—
Total Underfunded and Unfunded Plans:						
U.S.	$ 89	$ 89	$ 52	$ 74	$ 74	$ 46
Non U.S.	164	157	140	52	49	36
Total	$ 253	$ 246	$ 192	$ 126	$ 123	$ 82

Our pension plan assets and benefit obligations at December 31, 2016 were as follows:

	Fair Value of Pension Plan Assets	Pension Benefit Obligations	Net Funded Status
U.S.	$ 52	$ 89	$ (37)
U.K.	98	107	(9)
Canada	39	49	(10)
Other	3	8	(5)
Total	$ 192	$ 253	$ (61)

The components of Net periodic benefit cost and other changes in plan assets and benefit obligations were as follows:

	Year Ended December 31,					
	U.S. Plans			Non-U.S. Plans		
	2016	2015	2014	2016	2015	2014
Components of Net Periodic Benefit Costs:						
Service cost	$ —	$ —	$ 5	$ 2	$ 3	$ 6
Interest cost	3	3	3	5	6	7
Expected return on plan assets	(4)	(4)	(3)	(8)	(9)	(10)
Recognized net actuarial loss	—	—	—	1	2	—
Defined Benefit Plans	(1)	(1)	5	—	2	3
Defined contribution plans	28	28	27	7	6	4
Net Periodic Benefit Cost	27	27	32	7	8	7
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Income:						
Net actuarial (gain) loss	13	4	9	18	(9)	34
Amortization of net actuarial loss	—	—	—	(1)	(2)	—
Total Recognized in Other Comprehensive Income	13	4	9	17	(11)	34
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	$ 40	$ 31	$ 41	$ 24	$ (3)	$ 41

The net actuarial loss for the defined benefit pension plans that will be amortized from AOCL into net periodic benefit cost over the next fiscal year is $2 .

Plan Amendments

Pension Plan Freezes

In 2015, we amended several of our major defined benefit pension plans to freeze current benefits and eliminate benefits accruals for future service, including our plans in the U.S., Canada and the U.K. The freeze of current benefits is the primary driver of the reduction in pension service costs since 2015. In certain Non-U.S. plans, we are required to continue to consider salary increases and inflation in determining the benefit obligation related to prior service.

Plan Assets

Current Allocation

As of the 2016 and 2015 measurement dates, the global pension plan assets were $192 and $197 , respectively. These assets were invested among several asset classes.

The following tables presents the defined benefit plans assets measured at fair value and the basis for that measurement:

	December 31, 2016									
	U.S. Plans					Non-U.S. Plans				
Asset Class	Level 1	Level 2	Level 3	Total	%	Level 1	Level 2	Level 3	Total	%
Cash and cash equivalents	$ 3	$ —	$ —	$ 3	6%	$ —	$ —	$ —	$ —	—%
Equity Securities	9	24	—	33	63%	—	61	—	61	44%
Fixed Income Securities	10	6	—	16	31%	—	60	—	60	43%
Other	—	—	—	—	—%	—	11	8	19	13%
Total Fair Value of Plan Assets	$ 22	$ 30	$ —	$ 52	100%	$ —	$ 132	$ 8	$ 140	100%

	December 31, 2015									
	U.S. Plans					Non-U.S. Plans				
Asset Class	Level 1	Level 2	Level 3	Total	%	Level 1	Level 2	Level 3	Total	%
Cash and cash equivalents	$ 3	$ —	$ —	$ 3	6%	$ 1	$ —	$ —	$ 1	1%
Equity Securities	17	8	—	25	53%	—	61	—	61	40%
Fixed Income Securities	—	19	—	19	41%	—	73	—	73	49%
Other	—	—	—	—	—%	—	4	11	15	10%
Total Fair Value of Plan Assets	$ 20	$ 27	$ —	$ 47	100%	$ 1	$ 138	$ 11	$ 150	100%

Valuation Method

Our primary Level 3 assets are Real Estate and Guaranteed Investment Contract investments which are individually immaterial. The fair value of our real estate investment funds are based on the Net Asset Value (NAV) of our ownership interest in the funds. NAV information is received from the investment advisers and is primarily derived from third-party real estate appraisals for the properties owned. The fair value for our Guaranteed Investment Contract investments have been determined based on the higher of the surrender value of the contract or the present value of the cash flow of the related pension obligations. The valuation techniques and inputs for our Level 3 assets have been consistently applied for all periods presented.

Investment Strategy

The target asset allocations for our worldwide defined benefit pension plans were:

	2016		2015	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Equity investments	55%	41%	55%	55%
Fixed income investments	25%	45%	25%	36%
Real estate	—%	4%	—%	4%
Other	20%	10%	20%	5%
Total Investment Strategy	100%	100%	100%	100%

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by exceeding the interest growth in long-term plan liabilities. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. This consideration involves the use of long-term measures that address both return and risk. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value and small and large capitalizations. Other assets such as real estate, are used to improve portfolio diversification. Derivatives may be used to hedge market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risks and returns are measured and monitored on an ongoing basis through annual liability measurements and quarterly investment portfolio reviews.

Contributions

In 2016 , we made cash contributions of $6 ($4 U.S. and $2 Non-U.S.) to our defined benefit pension plans.

In 2017 , based on current actuarial calculations, we expect to make contributions of approximately $10 ($4 U.S. and $6 non-U.S.) to our defined benefit pension plans.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the following years:

	Pension Benefits		
	U.S.	Non-U.S.	Total
2017	$ 1	$ 4	$ 5
2018	2	4	6
2019	2	4	6
2020	2	4	6
2021	2	5	7
Years 2022-2025	16	27	43

Assumptions

Weighted-average assumptions used to determine benefit obligations at the plan measurement dates:

	Pension Benefits					
	2016		2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.2%	3.2%	4.3%	3.9%	4.0%	3.4%
Rate of compensation increase	—%	1.0%	—%	1.0%	—%	1.1%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:

	Pension Benefits							
	2017		2016		2015		2014	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.2%	3.9%	4.3%	3.9%	4.0%	3.4%	4.9%	4.4%
Expected return on plan assets	7.8%	5.7%	7.8%	5.7%	7.8%	5.8%	7.8%	6.6%
Rate of compensation increase	—%	1.0%	—%	1.0%	—%	1.1%	3.0%	3.5%

Defined Contribution Plans

We have post-retirement savings and investment plans in several countries, including the U.S., U.K. and Canada. In many instances, employees from those defined benefit pension plans that have been amended to freeze future service accruals (see "Plan Amendments" for additional information) were transitioned to an enhanced defined contribution plan. In these plans employees are allowed to contribute a portion of their salaries and bonuses to the plans, and we match a portion of the employee contributions. We recorded charges related to our defined contribution plans of $35 in 2016 , $34 in 2015 and $31 in 2014 .

Note 14 - Income Taxes

Prior to the Separation, Conduent's operating results were included in Xerox Corporation's various consolidated U.S. federal and state income tax returns, as well as non-U.S. tax filings. For the purposes of the Company's Consolidated and Combined Financial Statements for periods prior to the Separation, income tax expense and deferred tax balances have been recorded as if the Company filed tax returns on a standalone basis separate from Xerox. The Separate Return Method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise for fiscal 2016 and prior.

(Loss) income before income taxes (pre-tax (loss) income) was as follows:

	Year Ended December 31,		
	2016	2015	2014
Domestic (loss) income	$ (1,329)	$ (654)	$ (45)
Foreign (loss) income	102	80	55
(Loss) Income Before Income Taxes	$ (1,227)	$ (574)	$ 10

(Benefit) provision for income taxes were as follows:

	Year Ended December 31,		
	2016	2015	2014
Federal Income Taxes			
Current	$ (116)	$ (130)	$ 59
Deferred	(132)	(99)	(108)
Foreign Income Taxes			
Current	31	24	26
Deferred	(3)	6	1
State Income Taxes			
Current	1	(17)	14
Deferred	(25)	(22)	(16)
Total Benefit	$ (244)	$ (238)	$ (24)

A reconciliation of the U.S. federal statutory income tax rate to the consolidated effective income tax rate is as follows:

	Year Ended December 31,		
	2016	2015	2014
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
Nondeductible expenses [1]	(19.0)%	(1.3)%	81.0 %
Effect of tax law changes	— %	0.9 %	(51.6)%
Change in valuation allowance for deferred tax assets	0.1 %	(1.0)%	35.3 %
State taxes, net of federal benefit	1.8 %	4.2 %	42.0 %
Audit and other tax return adjustments	1.4 %	0.1 %	(87.5)%
Tax-exempt income, credits and incentives	0.7 %	0.7 %	(63.9)%
Foreign rate differential adjusted for U.S. taxation of foreign profits [2]	0.7 %	2.4 %	(228.8)%
Other	(0.8)%	0.5 %	(1.5)%
Effective Income Tax Rate	19.9 %	41.5 %	(240.0)%

(1) In 2016, Nondeductible expenses primarily related to the nondeductible portion of the book goodwill impairment charge.
(2) The "U.S. taxation of foreign profits" represents the U.S. tax, net of foreign tax credits, associated with actual and deemed repatriations of earnings from our non-U.S. subsidiaries.

On a consolidated basis, we paid/(received) a total of $(123) , $194 and $66 in income taxes to federal, foreign and state jurisdictions during the three years ended December 31, 2016, respectively.

Total income tax expense (benefit) was allocated as follows:

	Year Ended December 31,		
	2016	2015	2014
Pre-tax income	$ (244)	$ (238)	$ (24)
Discontinued operations [1]	—	81	7
Common shareholders' equity:			
Changes in defined benefit plans	8	2	(11)
Stock option and incentive plans, net	—	(6)	(10)
Cash flow hedges	—	—	(1)
Total Income Tax Benefit	$ (236)	$ (161)	$ (39)

(1) Refer to Note 4 - Divestitures for additional information regarding discontinued operations.

Unrecognized Tax Benefits and Audit Resolutions

We recognize tax liabilities when, despite our belief that our tax return positions are supportable, we believe that certain positions may not be fully sustained upon review by tax authorities. Each period we assess uncertain tax positions for recognition, measurement and effective settlement. Benefits from uncertain tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Where we have determined that our tax return filing position does not satisfy the more-likely-than-not recognition threshold, we have recorded no tax benefits.

We are also subject to ongoing tax examinations in numerous jurisdictions due to the extensive geographical scope of our operations. Our ongoing assessments of the more-likely-than-not outcomes of the examinations and related tax positions require judgment and can increase or decrease our effective tax rate, as well as impact our operating results. The specific timing of when the resolution of each tax position will be reached is uncertain. As of December 31, 2016, we do not believe that there are any positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2016	2015	2014
Balance at January 1	$ 24	$ 32	$ 41
Additions related to current year	1	3	5
Additions related to prior years positions	—	—	1
Reductions related to prior years positions	(5)	(10)	(13)
Settlements with taxing authorities [(1)]	(5)	—	(2)
Currency	(1)	(1)	—
Balance at December 31	$ 14	$ 24	$ 32

(1) 2016 settlement results in $(5) cash paid; 2014 settlement of $(2) results in no cash paid.

Included in the balances at December 31, 2016, 2015 and 2014 are $0 , $8 and $10 , respectively, of tax positions that are highly certain of realization but for which there is uncertainty about the timing. Because of the impact of deferred tax accounting, other than for the possible incurrence of interest and penalties, the disallowance of these positions would not affect the annual effective tax rate. In addition, for other uncertain tax positions, we maintain offsetting benefits from other jurisdictions of $16 , $14 and $16 , at December 31, 2016, 2015 and 2014, respectively.

We recognized interest and penalties accrued on unrecognized tax benefits, as well as interest received from favorable settlements within income tax expense. We had $6 , $14 and $14 accrued for the payment of interest and penalties associated with unrecognized tax benefits at December 31, 2016, 2015 and 2014 , respectively.

In the U.S., we are no longer subject to U.S. federal income tax examinations for years before 2005. With respect to our major foreign jurisdictions, the years remain open generally back to 2006.

Deferred Income Taxes

The Company is in the position of having tax basis in excess of book basis in its U.S. investment in foreign subsidiaries. Nonetheless, the Company is indefinitely reinvested in its foreign subsidiaries which have undistributed earnings of $460 . Despite having tax basis in excess of book basis in these foreign subsidiaries for which deferred taxes have not been provided, the repatriation of these earnings could give rise to a U.S. tax liability. Calculating the tax that would be due upon repatriation is not practical at this time.

The tax effects of temporary differences that give rise to significant portions of the deferred taxes were as follows:

	December 31,	
	2016	2015
Deferred Tax Assets		
Net operating losses	$ 42	$ 71
Operating reserves, accruals and deferrals	155	184
Deferred compensation	101	83
Pension	18	11
Other	44	65
Subtotal	360	414
Valuation allowance	(24)	(38)
Total	$ 336	$ 376
Deferred Tax Liabilities		
Unearned income	$ 217	$ 230
Intangibles and goodwill	680	808
Depreciation	15	61
Other	29	28
Total	$ 941	$ 1,127
Total Deferred Taxes, Net	$ (605)	$ (751)

As discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies, we early adopted **ASU 2015-17** , *Income Taxes: Balance Sheet Classification of Deferred Taxes* , which requires that deferred tax

liabilities and assets be classified as non-current in a classified statement of financial position. Adoption of this update resulted in a reclassification of our net current deferred tax asset and liabilities to the net non-current deferred tax asset and liabilities in our Consolidated Balance Sheet as of December 31, 2015. Prior periods were not retrospectively adjusted.

The deferred tax assets for the respective periods were assessed for recoverability and, where applicable, a valuation allowance was recorded to reduce the total deferred tax asset to an amount that will, more-likely-than-not, be realized in the future. The net change in the total valuation allowance for the years ended December 31, 2016 and 2015 was a decrease of $14 and an increase of $3 , respectively. The valuation allowance relates primarily to certain net operating loss carryforwards, tax credit carryforwards and deductible temporary differences for which we have concluded it is more-likely-than-not that these items will not be realized in the ordinary course of operations.

Although realization is not assured, we have concluded that it is more-likely-than-not that the deferred tax assets, for which a valuation allowance was determined to be unnecessary, will be realized in the ordinary course of operations based on the available positive and negative evidence, including scheduling of deferred tax liabilities and projected income from operating activities. The amount of the net deferred tax assets considered realizable, however, could be reduced in the near term if actual future income or income tax rates are lower than estimated, or if there are differences in the timing or amount of future reversals of existing taxable or deductible temporary differences.

At December 31, 2016, we had tax credit carryforwards of $12 available to offset future income taxes which will expire 2017 through 2037 if not utilized. We also had net operating loss carryforwards for income tax purposes of $402 that will expire 2017 through 2037, if not utilized, and $38 available to offset future taxable income indefinitely.

Note 15 – Contingencies and Litigation

As more fully discussed below, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. We believe that we have recorded adequate provisions for any such matters and, as of December 31, 2016, it was not reasonably possible that a material loss had been incurred in connection with such matters in excess of the amounts recognized in our financial statements.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and nonconsolidated affiliates when we undertake an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters, and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the consolidated financial position or liquidity. As of December 31, 2016 , we have accrued our estimate of liability incurred under our indemnification arrangements and guarantees.

Litigation Against the Company

State of Texas v. Xerox Corporation, Xerox State Healthcare, LLC, and ACS State Healthcare, LLC: On May 9, 2014, the State of Texas, via the Texas Office of Attorney General (the “State”), filed a lawsuit in the 53rd Judicial District Court of Travis County, Texas. The lawsuit alleges that Xerox Corporation, Xerox State Healthcare, LLC and ACS State Healthcare (collectively, the "Xerox Defendants") violated the Texas Medicaid Fraud Prevention Act in the administration of its contract with the Texas Department of Health and Human Services (“HHSC”). The State

alleges that the Xerox Defendants made false representations of material facts regarding the processes, procedures, implementation and results regarding the prior authorization of orthodontic claims. The State seeks recovery of actual damages, two times the amount of any overpayments made as a result of unlawful acts, civil penalties, pre- and post-judgment interest and all costs and attorneys' fees. The State references the amount in controversy as exceeding hundreds of millions of dollars. The Xerox Defendants filed their Answer in June, 2014 denying all allegations. The Xerox Defendants will continue to vigorously defend themselves in this matter. We do not believe it is probable that we will incur a material loss in excess of the amount accrued for this matter. In the course of litigation, we periodically engage in discussions with plaintiff's counsel for possible resolution of the matter. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or settlement for a significant amount, there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in determination, judgment or settlement occurs.

Dennis Nasrawi v. Buck Consultants et al.: On October 8, 2009, plaintiffs filed a lawsuit in the Superior Court of California, Stanislaus County, and on November 24, 2009, the case was removed to the U.S. Court for the Eastern District of California, Fresno Division. Plaintiffs allege actuarial negligence against Buck Consultants, LLC ("Buck") for the use of faulty actuarial assumptions in connection with the 2007 actuarial valuation for the Stanislaus County Employees Retirement Association ("StanCERA"). Plaintiffs allege that the employer contribution rate adopted by StanCERA based on Buck's valuation was insufficient to fund the benefits promised by the County. On July 13, 2012, the Court entered its ruling that the plaintiffs lacked standing to sue in a representative capacity on behalf of all plan participants. The Court also ruled that plaintiffs had adequately pleaded their claim that Buck allegedly aided and abetted StanCERA in breaching its fiduciary duty. Plaintiffs then filed their Fifth Amended Complaint and added StanCERA to the litigation. Buck and StanCERA filed demurrers to the amended complaint. On September 13, 2012, the Court sustained both demurrers with prejudice, completely dismissing the matter and barring plaintiffs from refiling their claims. Plaintiffs appealed, and ultimately the California Court of Appeals (Sixth District) reversed the trial court's ruling and remanded the case back to the trial court. Buck entered into a stay agreement with plaintiffs that essentially postpones this litigation pending the outcome of parallel litigation between plaintiffs and StanCERA. Buck will continue to aggressively defend these lawsuits.

Other Matters:

On January 5, 2016, the Consumer Financial Protection Bureau (the "CFPB") notified Xerox Education Services, Inc. (XES) that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise (NORA) process, the CFPB's Office of Enforcement is considering recommending that the CFPB take legal action against XES, alleging that XES violated the Consumer Financial Protection Act's prohibition of unfair practices. Should the CFPB commence an action, it may seek restitution, civil monetary penalties, injunctive relief or other corrective action. The purpose of a NORA letter is to provide a party being investigated an opportunity to present its position to the CFPB before an enforcement action is recommended or commenced. This notice stems from an inquiry that commenced in 2014 when XES received and responded to a Civil Investigative Demand containing a broad request for information. During this process, XES self-disclosed to the Department of Education and the CFPB certain adjustments of which it had become aware that had not been timely made relating to its servicing of a small percentage of third-party student loans under outsourcing arrangements for various financial institutions. The CFPB and the Department of Education, as well as certain states' attorney general offices and other regulatory agencies, began similar reviews. XES has cooperated and continues to fully cooperate with all regulatory agencies, and XES has submitted its NORA response. We cannot provide assurance that the CFPB or another party will not ultimately commence a legal action against XES in this matter nor are we able to predict the likely outcome of the investigations into this matter.

Guarantees, Indemnifications and Warranty Liabilities

Indemnifications Provided as Part of Contracts and Agreements

Acquisitions/Divestitures:

We have indemnified, subject to certain deductibles and limits, the purchasers of businesses or divested assets for the occurrence of specified events under certain of our divestiture agreements. In addition, we customarily agree to hold the other party harmless against losses arising from a breach of representations and covenants, including such matters as adequate title to assets sold, intellectual property rights, specified environmental matters and certain income taxes arising prior to the date of acquisition. Where appropriate, an obligation for such indemnifications is

recorded as a liability at the time of the acquisition or divestiture. Since the obligated amounts of these types of indemnifications are often not explicitly stated or are contingent on the occurrence of future events, the overall maximum amount of the obligation under such indemnifications cannot be reasonably estimated. Other than obligations recorded as liabilities at the time of divestiture, we have not historically made significant payments for these indemnifications. Additionally, under certain of our acquisition agreements, we have provided for additional consideration to be paid to the sellers if established financial targets are achieved post-closing. We have recognized liabilities for these contingent obligations based on an estimate of the fair value of these contingencies at the time of acquisition. Contingent obligations related to indemnifications arising from our divestitures and contingent consideration provided for by our acquisitions are not expected to be material to our financial position, results of operations or cash flows.

Other Agreements:

We are also party to the following types of agreements pursuant to which we may be obligated to indemnify the other party with respect to certain matters:

- Guarantees on behalf of our subsidiaries with respect to real estate leases. These lease guarantees may remain in effect subsequent to the sale of the subsidiary.
- Agreements to indemnify various service providers, trustees and bank agents from any third-party claims related to their performance on our behalf, with the exception of claims that result from the third-party's own willful misconduct or gross negligence.
- Guarantees of our performance in certain services contracts to our customers and indirectly the performance of third parties with whom we have subcontracted for their services. This includes indemnifications to customers for losses that may be sustained as a result of our performance of services at a customer's location.

In each of these circumstances, our payment is conditioned on the other party making a claim pursuant to the procedures specified in the particular contract and such procedures also typically allow us to challenge the other party's claims. In the case of lease guarantees, we may contest the liabilities asserted under the lease. Further, our obligations under these agreements and guarantees may be limited in terms of time and/or amount, and in some instances, we may have recourse against third parties for certain payments we made.

Intellectual Property Indemnifications

We do not own most of the software that we use to run our business. Instead, we license this software from a small number of primary vendors. We indemnify certain software providers against claims that may arise as a result of our use or our subsidiaries', customers' or resellers' use of their software in our services and solutions. These indemnities usually do not include limits on the claims, provided the claim is made pursuant to the procedures required in the services contract.

Indemnification of Officers and Directors

Our corporate by-laws require that, except to the extent expressly prohibited by law, we must indemnify our officers and directors against judgments, fines, penalties and amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred in connection with civil or criminal action or proceedings or any appeal, as it relates to their services to our Company and our subsidiaries. Although the by-laws provide no limit on the amount of indemnification, we may have recourse against our insurance carriers for certain payments made by us. However, certain indemnification payments (such as those related to "clawback" provisions in certain compensation arrangements) may not be covered under our directors' and officers' insurance coverage. We also indemnify certain fiduciaries of our employee benefit plans for liabilities incurred in their service as fiduciary whether or not they are officers of the Company. Finally, in connection with our acquisition of businesses, we may become contractually obligated to indemnify certain former and current directors, officers and employees of those businesses in accordance with pre-acquisition by-laws or indemnification agreements or applicable state law.

Other Contingencies

Certain contracts, primarily in our Public Sector segment, require us to provide a surety bond or a letter of credit as a guarantee of performance. As of December 31, 2016 , we had $613 for outstanding surety bonds used to secure our performance of contractual obligations with our clients, and we had $133 of outstanding letters of credit issued to secure our performance of contractual obligations to our clients as well as other corporate obligations.

In general, we would only be liable for the amount of these guarantees in the event of default in our performance of

our obligations under each contract; the probability of which we believe is remote. We believe we have sufficient capacity in the surety markets and liquidity from our cash flow and our various credit arrangements (including our Credit Facility) to allow us to respond to future requests for proposals that require such credit support.

We have service arrangements where we service third-party student loans in the Federal Family Education Loan program (FFEL) on behalf of various financial institutions. We service these loans for investors under outsourcing arrangements and do not acquire any servicing rights that are transferable by us to a third-party. At December 31, 2016 , we serviced a FFEL portfolio of approximately 1.3 million loans with an outstanding principal balance of approximately $ 21.0 billion. Some servicing agreements contain provisions that, under certain circumstances, require us to purchase the loans from the investor if the loan guaranty has been permanently terminated as a result of a loan default caused by our servicing error. If defaults caused by us are cured during an initial period, any obligation we may have to purchase these loans expires. Loans that we purchase may be subsequently cured, the guaranty reinstated and the loans repackaged for sale to third parties. We evaluate our exposure under our purchase obligations on defaulted loans and establish a reserve for potential losses, or default liability reserve, through a charge to the provision for loss on defaulted loans purchased. The reserve is evaluated periodically and adjusted based upon management's analysis of the historical performance of the defaulted loans. As of December 31, 2016 , other current liabilities include reserves which we believe to be adequate. At December 31, 2016 , other current liabilities include reserves of approximately $3 for losses on defaulted loans purchased. In addition to potential purchase obligations arising from servicing errors, various laws and regulations applicable to student loan borrowers could give rise to fines, penalties and other liabilities associated with loan servicing errors.

Note 16 - Preferred Stock

Series A Preferred Stock

In connection with the Spin-Off Transaction, we issued 120 thousand shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of $120 and an initial fair value of $142 . The convertible preferred stock pays quarterly cash dividends at a rate of 8% per year ($9.6 per year). Each share of convertible preferred stock is convertible at any time, at the option of the holder, into 44.9438 shares of common stock for a total of 5,393 thousand shares (reflecting an initial conversion price of approximately $22.250 per share of common stock), subject to customary anti-dilution adjustments.

If the closing price of our common stock exceeds 137% of the initial conversion price for 20 out of 30 trading days, we have the right to cause any or all of the convertible preferred stock to be converted into shares of common stock at the then applicable conversion rate. The convertible preferred stock is also convertible, at the option of the holder, upon a change in control, at the applicable conversion rate plus an additional number of shares determined by reference to the price paid for our common stock upon such change in control. In addition, upon the occurrence of certain fundamental change events, including a change in control or the delisting of Conduent's common stock, the holder of convertible preferred stock has the right to require us to redeem any or all of the convertible preferred stock in cash at a redemption price per share equal to the liquidation preference and any accrued and unpaid dividends to, but not including, the redemption date. The convertible preferred stock is classified as temporary equity (i.e., apart from permanent equity) as a result of the contingent redemption feature.

Note 17 – Shareholders' Equity

Preferred Stock

As of December 31, 2016, we had one class of preferred stock outstanding. See Note 16 - Preferred Stock for further information. We are authorized to issue approximately 100 million shares of cumulative preferred stock, $0.01 par value per share.

Common Stock

We have 1 billion authorized shares of common stock, $0.01 par value per share. At December 31, 2016, 26 million shares were reserved for issuance under our incentive compensation plans and 5.4 million shares were reserved for conversion of the Series A convertible preferred stock.

Stock Compensation Plans

Certain of our employees participate in a long-term incentive plan. Our long-term incentive plan authorizes the issuance of restricted stock units (RSU's), performance shares (PSs) and non-qualified stock options to employees. All awards for these plans prior to 2017, were made in Xerox stock and therefore converted into Conduent stock effective upon separation. Using a formula designed to preserve the value of the award immediately prior to the Separation, all of these awards will be settled and are reflected in Conduent's Consolidated Statements of Stockholders' Equity. Stock-based compensation expense includes expense based on the awards and terms previously granted to the employees.

Stock-based compensation expense was as follows:

	Year Ended December 31,		
	2016	2015	2014
Stock-based compensation expense, pre-tax	$ 23	$ 19	$ 28
Income tax benefit recognized in earnings	9	7	11

Restricted Stock Units: Compensation expense is based upon the grant date market price. The compensation expense is recorded over the vesting period, which is normally three years from the date of grant, based on management's estimate of the number of shares expected to vest.

Performance Shares: Our former parent company granted PSs that vest contingent upon our achievement of certain specified financial performance criteria over a three -year period. If the three -year actual results exceed the stated targets, then the plan participants have the potential to earn additional shares of common stock, which could not exceed 50% of the original grant.

The fair value of PSs is based upon the market price of Conduent's common stock on the date of the grant and then converted to Conduent's common stock upon company separation. Compensation expense is recognized over the vesting period, which is normally three years from the date of grant, based on management's estimate of the number of shares expected to vest. If the stated targets are not met, any recognized compensation cost would be reversed.

Employee Stock Options: Stock options were issued by a former parent company and were converted to Conduent's common stock upon company separation. These options generally expire within the next 2 years. Other than these options, Conduent has not issued any new stock options.

Summary of Stock-based Compensation Activity

(shares in thousands)	2016 Shares	2016 Weighted Average Grant Date Fair Value	2015 Shares	2015 Weighted Average Grant Date Fair Value	2014 Shares	2014 Weighted Average Grant Date Fair Value
Restricted Stock Units						
Outstanding at January 1	782	$ 11.70	3,422	$ 8.47	4,842	$ 8.78
Granted	2,602	9.61	260	11.86	433	12.08
Vested	(119)	9.43	(2,768)	7.83	(1,499)	10.54
Canceled	(121)	10.55	(132)	9.52	(354)	8.39
Impact of Spin-off [1]	(1,183)	n/a	—	n/a	—	n/a
Outstanding at December 31	1,961	13.99	782	11.70	3,422	8.47
Performance Shares						
Outstanding at January 1	7,522	$ 11.57	5,771	$ 11.68	1,421	$ 9.02
Granted	1,850	9.35	3,583	10.68	5,674	12.28
Vested	—	—	(610)	7.88	(366)	10.71
Canceled	(1,478)	11.96	(1,222)	11.36	(958)	11.63
Impact of Spin-off [1]	(2,968)	n/a	—	n/a	—	n/a
Outstanding at December 31	4,926	13.99	7,522	11.57	5,771	11.68

(1) Stock-based compensation was converted from former parent stock into Conduent common stock at Spin-off.

In 2013, our former parent company deferred the annual grant of RSUs and PSs from July 1, 2013 to January 1, 2014. RSUs granted in 2013 represent off-cycle awards while PSs granted in 2013 represent over-achievement shares associated with the 2010 PSs grant, which vested in 2013. On January 1, 2014, we granted 2,771 thousand PSs with a grant date fair value of $12.17 per share (the deferral of the 2013 annual grant) and on July 1, 2014, we granted 2,903 thousand PSs with a grant date fair value of $12.38 per share (the 2014 annual grant).

We have 857 thousand stock options outstanding as of December 31, 2016 at strike prices ranging from $10.15 to $13.38 . These stock options are fully vested and exercisable.

The total unrecognized compensation cost related to non-vested stock-based awards at December 31, 2016 was as follows:

Awards	Unrecognized Compensation	Remaining Weighted-Average Vesting Period (Years)
Restricted Stock Units	$ 19	2.3
Performance Shares	22	1.9
Total	$ 41	

The aggregate intrinsic value of outstanding RSUs and PSs awards was as follows:

Awards	December 31, 2016
Restricted Stock Units	$ 27
Performance Shares	69

Information related to stock options outstanding and exercisable at December 31, 2016 was as follows:

	Options	
	Outstanding	Exercisable
Aggregate intrinsic value	$ 3	$ 3
Weighted-average remaining contractual life (years)	2.0	2.0

The total intrinsic value and actual tax benefit realized for vested and exercised stock-based awards was as follows:

Awards	December 31, 2016			December 31, 2015			December 31, 2014		
	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit	Total Intrinsic Value	Cash Received	Tax Benefit
Restricted Stock Units	$ 1	$ —	$ —	$ 30	$ —	$ 11	$ 19	$ —	$ 7
Performance Shares	—	—	—	7	—	2	5	—	2
Stock Options	3	9	1	14	19	5	42	55	15

Note 18 – Other Comprehensive Loss

Other Comprehensive Loss is comprised of the following:

	Year Ended December 31,					
	2016		2015		2014	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments Losses	$ (135)	$ (135)	$ (60)	$ (60)	$ (44)	$ (44)
Unrealized Gains (Losses):						
Changes in fair value of cash flow hedges gains (losses)	(2)	(1)	(4)	(2)	—	—
Changes in cash flow hedges reclassed to earnings [1]	2	1	5	3	(3)	(2)
Net Unrealized Gains (Losses)	—	—	1	1	(3)	(2)
Defined Benefit Plans (Losses) Gains						
Net actuarial/prior service (losses) gains	(31)	(23)	5	4	(43)	(32)
Actuarial loss amortization/settlement [2]	1	1	2	2	—	—
Other gains (losses) [3]	3	2	2	1	7	7
Changes in Defined Benefit Plans (Losses) Gains	(27)	(20)	9	7	(36)	(25)
Other Comprehensive Loss	$ (162)	$ (155)	$ (50)	$ (52)	$ (83)	$ (71)

(1) Reclassified to Cost of sales - refer to Note 11 - Financial Instruments for additional information regarding our cash flow hedges.
(2) Reclassified to Total Net Periodic Benefit Cost - refer to Note 13 - Employee Benefit Plans for additional information.
(3) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	December 31,		
	2016	2015	2014
Cumulative translation adjustments [1]	$ (472)	$ (147)	$ (87)
Other unrealized losses, net	(1)	(1)	(2)
Benefit plans net actuarial losses and prior service credits	(53)	(33)	(40)
Total Accumulated Other Comprehensive Loss	$ (526)	$ (181)	$ (129)

(1) 2016 includes $190 of AOCL transfered from former parent as part of the Spin-off.

Note 19 – Earnings per Share

We did not declare any common or preferred stock dividends in the periods presented.

The following table sets forth the computation of basic and diluted earnings per share of common stock (shares in thousands):

	Year Ended December 31,		
	2016	2015	2014
Basic Earnings per Share:			
Net Income From Continuing Operations Available to Common Shareholders	$ (983)	$ (336)	$ 34
Net (loss) income from discontinued operations attributable Conduent	—	(78)	(115)
Adjusted Net Income Available to Common Shareholders	$ (983)	$ (414)	$ (81)
Weighted-average common shares outstanding	202,875	202,875	202,875
Basic Earnings (Loss) per Share:			
Continuing operations	$ (4.85)	$ (1.65)	$ 0.17
Discontinued operations	—	(0.39)	(0.57)
Basic Earnings per Share	$ (4.85)	$ (2.04)	$ (0.40)
Diluted Earnings per Share:			
Adjusted Net Income From Continuing Operations Available to Common Shareholders	$ (983)	$ (336)	$ 34
Net (loss) income from discontinued operations attributable to Conduent	—	(78)	(115)
Adjusted Net Income Available to Common Shareholders	$ (983)	$ (414)	$ (81)
Weighted-average common shares outstanding	202,875	202,875	202,875
Diluted Earnings (Loss) per Share:			
Continuing operations	$ (4.85)	$ (1.65)	$ 0.17
Discontinued operations	—	(0.39)	(0.57)
Diluted Earnings per Share	$ (4.85)	$ (2.04)	$ (0.40)
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive (shares in thousands):			
Stock Options	857	—	—
Restricted stock and performance shares	5,719	—	—
Convertible preferred stock	5,393	—	—
Total Securities	11,969	—	—

Note 20 – Related Party Transactions and Former Parent Company Investment

Allocation of Corporate Expenses

The Consolidated Statements of Income (Loss), Consolidated Statements of Comprehensive Loss and Consolidated Statements of Cash Flows include an allocation of general corporate expenses from Xerox, the Company's former parent. The financial information in these Consolidated Financial Statements does not necessarily include all the expenses that would have been incurred or held had we been a separate, standalone company and it is not practicable to estimate actual costs that would have been incurred had we been a separate, standalone company during the periods presented. Management considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided. Allocations for management costs and corporate support services provided totaled $165 , $170 and $175 for each of the three years ended December 31, 2016 , 2015 and 2014, respectively. These amounts include costs for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology and other shared services. Where possible, these costs were allocated based on direct usage, with the remainder allocated on a basis of costs, headcount or other measures we have determined as reasonable.

	Year Ended December 31,		
	2016	2015	2014
Research and development	$ 25	$ 43	$ 40
Selling, administrative and general	140	127	135
Total Allocated Corporate Expenses	$ 165	$ 170	$ 175

Final Cash Allocation To Former Parent

In January 2017, in connection with the Separation, we paid Xerox $161 for settlement of the management and support services received.

The components of Net transfers to former parent and the reconciliation to the corresponding amount presented on the Combined Statements of Cash Flows are as follows:

	Year Ended December 31,		
	2016	2015	2014
Cash pooling and general financing activities	$ (466)	$ (396)	$ (525)
Corporate cost allocations	165	170	175
Income taxes	(157)	168	44
Divestitures and acquisitions, net	54	(742)	290
Capitalization of related party notes payable	—	1,017	—
Total net transfers (to) from former parent	(404)	217	(16)
Stock-based compensation	(23)	(19)	(28)
Capitalization of related party notes payable	—	(1,017)	—
Other, net	(161)	147	8
Total Net transfers to former parent per Consolidated Statements of Cash Flows	$ (588)	$ (672)	$ (36)

Related Party Notes Receivable/Payable

Certain operating units of the Company had various interest bearing notes under contractual agreements to and from Xerox Corporation and other related parties. The purpose of these notes was to provide funds for certain working capital or other capital and operating requirements of the business. Net interest expense on these notes with related party companies was recorded net in Related Party Interest in the Consolidated Statements of Income and was $26 , $61 and $107 for each of the three years ended December 31, 2016 , 2015 and 2014, respectively. These notes had fixed interest rates that ranged from 1% to 8% . The balances were settled as part of the separation transaction.

Related Party Revenue and Purchases

We provide various services to Xerox Corporation including those related to human resources, accounting and finance and customer care, which are reported as Related party revenue in the Consolidated Statements of Income (Loss). The costs related to these services are reported as Related party cost of services in the Consolidated Statements of Income (Loss).

We also leased equipment and received related services, supplies and parts from Xerox and Xerox subsidiaries in the amount of $21 , $24 and $24 , for each of the three years ended December 31, 2016 , 2015 and 2014, respectively. The costs related to these services, supplies and parts are reported in Cost of outsourcing and Selling, administrative and general expenses in the Consolidated Statements of Income (Loss).

Note 21 – Subsequent Events

NY MMIS

On February 16, 2017 , after discussions with the State of New York regarding the status and scope of the Health Enterprise platform project, we determined that it was probable that we would not fully complete the implementations of this platform in New York. As a result of this development, we recorded a pre-tax charge of approximately $161 ($98 after-tax) in the fourth quarter 2016 reflecting the estimated asset impairments, wind down costs and other impacts from this project.

Other Events

Subsequent to December 31, 2016, we entered into favorable legal settlements with two former customers that will result in a net gain of $19 during the first quarter of 2017, $14 of which will be recorded in Other expenses, net in our Consolidated Statement of Income (Loss) and $7 of which will be recorded to discontinued operations.

QUARTERLY RESULTS OF OPERATIONS (Unaudited)

(in millions, except per-share data)	First Quarter [1]	Second Quarter [1]	Third Quarter	Fourth Quarter	Full Year
2016					
Revenues	$ 1,685	$ 1,613	$ 1,596	$ 1,514	$ 6,408
Costs and Expenses	1,739	1,647	1,594	2,655	7,635
(Loss) Income before Income Taxes	(54)	(34)	2	(1,141)	(1,227)
Income tax (benefit) expense	(31)	(24)	1	(190)	(244)
Net (Loss) Income	$ (23)	$ (10)	$ 1	$ (951)	$ (983)
Basic (Loss) Earnings per Share [2] :	$ (0.12)	$ (0.05)	$ 0.01	$ (4.69)	$ (4.85)
Diluted (Loss) Earnings per Share [2] :	$ (0.12)	$ (0.05)	$ 0.01	$ (4.69)	$ (4.85)
2015					
Revenues	$ 1,678	$ 1,683	$ 1,571	$ 1,730	$ 6,662
Costs and Expenses	1,698	1,855	1,961	1,722	7,236
(Loss) Income before Income Taxes	(20)	(172)	(390)	8	(574)
Income tax expense	(14)	(69)	(154)	(1)	(238)
(Loss) Income from Continuing Operations	(6)	(103)	(236)	9	(336)
Income (loss) from discontinued operations, net of tax	34	(95)	(3)	(14)	(78)
Net Income (Loss)	$ 28	$ (198)	$ (239)	$ (5)	$ (414)
Basic Earnings (Loss) per Share [2] :					
Continuing operations	$ (0.03)	$ (0.50)	$ (1.17)	$ 0.05	$ (1.65)
Discontinued operations	0.17	(0.47)	(0.01)	(0.08)	(0.39)
Total Basic Earnings(Loss) per Share:	$ 0.14	$ (0.97)	$ (1.18)	$ (0.03)	$ (2.04)
Diluted Earnings (Loss) per Share [2] :					
Continuing operations	$ (0.03)	$ (0.50)	$ (1.17)	$ 0.05	$ (1.65)
Discontinued operations	0.17	(0.47)	(0.01)	(0.08)	(0.39)
Total Diluted Earnings (Loss) per Share	$ 0.14	$ (0.97)	$ (1.18)	$ (0.03)	$ (2.04)

(1) During the second quarter 2016 closing process, we determined that the first quarter 2016 income tax benefit of $25 million should have been $6 million higher. This additional income tax benefit was adjusted for and included in the six month results ended June 30, 2016. The Company concluded that this correction was not material to the Condensed Combined Financial Statements for the three months ended March 31, 2016.

(2) The sum of quarterly earnings per share may differ from the full-year amounts due to rounding, or in the case of diluted earnings per share, because securities that are anti-dilutive in certain quarters may not be anti-dilutive on a full-year basis.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Management's Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this annual report. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company's financial position and results of operations.
The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent auditors, PricewaterhouseCoopers LLP, the internal auditors and representatives of management to review accounting, financial reporting, internal control and audit matters, as well as the nature and extent of the audit effort. The Audit Committee is responsible for the engagement of the independent auditors. The independent auditors and internal auditors have access to the Audit Committee.

Disclosure Controls and Procedures

The Company’s management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms relating to Conduent Incorporated, including our consolidated subsidiaries, and was accumulated and communicated to the Company’s management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Changes in Internal Control over Financial Reporting

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding directors is incorporated herein by reference to the section entitled “Proposal 1 - Election of Directors” in our definitive Proxy Statement (2017 Proxy Statement) to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, for our Annual Meeting of Stockholders to be held on May 25, 2017 . The Proxy Statement will be filed within 120 days after the end of our fiscal year ended December 31, 2016 .

The information regarding compliance with Section 16(a) of the Securities and Exchange Act of 1934 is incorporated herein by reference to the section entitled “Section 16(a) Beneficial Ownership Reporting Compliance” of our 2017 Proxy Statement.

The information regarding the Audit Committee, its members and the Audit Committee financial experts is incorporated by reference herein from the subsection entitled “Committee Functions, Membership and Meetings” in the section entitled “Proposal 1 - Election of Directors” in our 2017 Proxy Statement.

We have adopted a code of ethics applicable to our principal executive officer, principal financial officer and principal accounting officer. The Finance Code of Conduct can be found on our website at: http://www.conduent.com/investor and then clicking on Corporate Governance. Information concerning our Finance Code of Conduct can be found under "Corporate Governance" in our 2017 definitive Proxy Statement and is incorporated here by reference.

Executive Officers of Conduent

The following is a list of the executive officers of Conduent, their current ages, their present positions and the year appointed to their present positions.

Each officer is elected to hold office until the meeting of the Board of Directors held on the day of the next annual meeting of shareholders, subject to the provisions of the By-Laws.

Name	Age	Present Position	Year Appointed to Present Position	Conduent Officer Since
David Amoriell	60	Executive Vice President & President, Public Sector	2017	2017
Jay Chu	58	Vice President & Chief Accounting Officer	2017	2017
Jeffrey Friedel	52	Executive Vice President & Chief People Officer	2017	2017
James Michael Peffer	55	Executive Vice President, General Counsel & Secretary	2017	2017
Ashok Vemuri*	48	Chief Executive Officer	2017	2017
Brian J. Webb-Walsh	41	Executive Vice President & Chief Financial Officer	2017	2017

* Member of Conduent Board of Directors

Each officer named above, with the exception of the following, has been an officer or an executive of Conduent or its subsidiaries for at least the past five years.

Mr. Amoriell served as the chief operating officer of the Public Sector for Business Group for Xerox Services. He was named to this position in June 2014 and appointed a corporate vice president of Xerox in February 2012. Prior to that, Amoriell was the chief operating officer for the Government & Transportation Sector (GTS).

Mr. Chu has served as Senior Vice President and Chief Accountant for Xerox Services since 2013. In this role, Mr. Chu is responsible for Xerox Services’ accounting, internal controls, contract accounting support and international statutory accounting. Since joining Xerox Corporation in 1984, Mr. Chu has held various positions including Director Field Accounting and Internal Controls, Developing Markets Chief Financial Officer, Chief Financial Officer of Xerox Brazil, Controller of Xerox Canada and a variety of accounting, financing, marketing and sales roles.

Prior to joining Conduent, Mr. Friedel served as Vice President and Head of the Office of Integrity and Compliance at Infosys, a global leader in technology services and consulting, where he oversaw SEC compliance, internal investigations, code of conduct, whistleblower, anti-bribery and export regulations. Friedel has also previously

served as Senior Vice President and General Counsel at IGATE, an IT services and business process outsourcing company which was acquired by CapGemini.

Mr. Peffer has served as Vice President, General Counsel and Secretary for Xerox Corporation from August 2016 to December 2016. Prior to this role, Mr. Peffer served as Associate General Counsel of Xerox Corporation and Executive Vice President of Xerox Business Services, LLC. since 2010. Prior to 2010, Mr. Peffer was Senior Vice President and Deputy General Counsel of ACS from 2007 until 2009.

Mr. Vemuri served as Chief Executive Officer of Xerox Business Services, LLC and an Executive Vice President of Xerox Corporation since July 2016. Mr. Vemuri previously was President, Chief Executive Officer and a member of the Board of Directors of IGATE Corporation. Prior to IGATE, Mr. Vemuri spent 14 years at Infosys Limited, a multinational consulting and IT services company, in a variety of leadership and business development roles.

Mr. Webb-Walsh has served as the Chief Financial Officer of Xerox Services since January 2016. Prior to this role, Mr. Webb-Walsh was Senior Vice President of Finance for the Government Healthcare Group and the Platform Development and Systems Integration Group. Mr. Webb-Walsh joined Xerox Corporation in 1997 and has held a variety of leadership positions.

ITEM 11. EXECUTIVE COMPENSATION

The information included under the following captions under “Proposal 1 - Election of Directors” in our 2017 definitive Proxy Statement is incorporated herein by reference: “Compensation Discussion and Analysis”, “Summary Compensation Table”, “Grants of Plan-Based Awards in 2016”, “Outstanding Equity Awards at 2016 Fiscal Year-End”, “Option Exercises and Stock Vested in 2016”, “Pension Benefits for the 2016 Fiscal Year”, “Nonqualified Deferred Compensation for the 2016 Fiscal Year”, “Potential Payments upon Termination or Change in Control”, “Summary of Director Annual Compensation, "Compensation Committee Interlocks and Insider Participation” and “Compensation Committee”. The information included under the heading “Compensation Committee Report” in our 2017 definitive Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be “soliciting material” or to be “filed” with the Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act of 1934, as amended.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and securities authorized for issuance under equity compensation plans is incorporated herein by reference to the subsections entitled “Ownership of Company Securities,” and “Equity Compensation Plan Information” under “Proposal 1 - Election of Directors” in our 2017 definitive Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions is incorporated herein by reference to the subsection entitled “Certain Relationships and Related Person Transactions” under “Proposal 1 - Election of Directors” in our 2017 definitive Proxy Statement. The information regarding director independence is incorporated herein by reference to the subsections entitled “Corporate Governance” and “Director Independence” in the section entitled “Proposal 1 - Election of Directors” in our 2017 definitive Proxy Statement.

ITEM 14. PRINCIPAL AUDITOR FEES AND SERVICES

The information regarding principal auditor fees and services is incorporated herein by reference to the section entitled “Proposal 2 - Ratification of Election of Independent Registered Public Accounting Firm” in our 2017 definitive Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Index to Financial Statements and Financial Statement Schedule, incorporated by reference or filed as part of this report:

- Report of Independent Registered Public Accounting Firm including Report on Financial Statement Schedule;
- Consolidated Statements of Income (Loss) for each of the years in the three-year period ended December 31, 2016;
- Consolidated Statements of Comprehensive Loss for each of the years in the three-year period ended December 31, 2016;
- Consolidated Balance Sheets as of December 31, 2016 and 2015;
- Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2016;
- Consolidated Statements of Shareholders' Equity for each of the years in the three-year period ended December 31, 2016;
- Notes to the Consolidated Financial Statements;
- Schedule II - Valuation and Qualifying Accounts for the three years ended December 31, 2016; and
- All other schedules are omitted as they are not applicable, or the information required is included in the financial statements or notes thereto.

(2) Supplementary Data:

- Quarterly Results of Operations (unaudited); and
- Five Years in Review.

(3)The exhibits filed herewith or incorporated herein by reference are set forth in the Index of Exhibits included herein.

(b) The management contracts or compensatory plans or arrangements listed in the “Index of Exhibits” that are applicable to the executive officers named in the Summary Compensation Table which appears in Registrant's 2017 Proxy Statement or to our directors are preceded by an asterisk (*).

ITEM 16. FORM 10-K SUMMARY

None.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONDUENT INCORPORATED

/s/ A SHOK V EMURI

Ashok Vemuri
Chief Executive Officer
March 10, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

March 10, 2017

Signature	Title
Principal Executive Officer:	
/ s / A SHOK V EMURI **Ashok Vemuri**	Chief Executive Officer and Director
Principal Financial Officer:	
/ s / B RIAN W EBB -W ALSH **Brian Webb-Walsh**	Executive Vice President and Chief Financial Officer
Principal Accounting Officer:	
/ s / J AY T. C HU **Jay T. Chu**	Vice President and Chief Accounting Officer
/ s / P AUL S. G ALANT **Paul S. Galant**	Director
/ s / J OIE A. G REGOR **Joie A. Gregor**	Director
/s/ V INCENT J. I NTRIERI **Vincent J. Intrieri**	Director
/ s / C OURTNEY M ATHER **Courtney Mather**	Director
/ s / M ICHAEL N EVIN **Michael Nevin**	Director
/ s / M ICHAEL A. N UTTER **Michael A. Nutter**	Director
/s/ W ILLIAM G. P ARRETT **William G. Parrett**	Director and Chairman of the Board
/ s / V IRGINIA M. W ILSON **Virginia M. Wilson**	Director

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
For the three years ended December 31, 2016

(in millions)	Balance at beginning of period	Additions charged to expense [1]	Amounts (credited) charged to other income statement accounts [2]	Deductions and other, net of recoveries [3][4]	Balance at end of period
Allowance for Losses:					
2016 Accounts Receivable	$ 6	$ 4	$ —	$ (3)	$ 7
2015 Accounts Receivable	6	4	—	(4)	6
2014 Accounts Receivable	6	3	—	(3)	6
Tax Valuation Allowance:					
2016 Tax Valuation	38	—	—	(14)	24
2015 Tax Valuation	35	—	5	(2)	38
2014 Tax Valuation	41	—	7	(13)	35

(1) Account Receivables: additions charged to expense represent bad debt provisions relate to estimated losses due to credit and similar collectibility issues.
(2) Account Receivables: Other charges (credits) relate to adjustments to reserves necessary to reflect events of non-payment such as customer accommodations and contract terminations.
(3) Account Receivables: Deductions and other, net of recoveries primarily relates to receivable write-offs, but also includes the impact of foreign currency translation adjustments and recoveries of previously written off receivables.
(4) Tax Valuation: Reductions to tax valuation allowance are primarily related to the transfer of balances to the Xerox Corporation due to separation of the companies.

INDEX OF EXHIBITS
Document and Location

2.1	Separation and Distribution Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K dated December 29, 2016. (See SEC File Number 001-37817).
3.1	Restated Certificate of Incorporation of Registrant filed with the Department of the State of New York on December 23, 2016.
	Incorporated by reference to Exhibit 3.1 to Registrant's Current Report on Form 8-K dated December 23, 2016. (See SEC File Number 001-37817).
3.2	Amended and Restated By-Laws of Registrant as amended through December 31, 2016.
	Incorporated by reference to Exhibit 3.2 to Registrant's Current Report on Form 8-K dated December 23, 2016. (See SEC File Number 001-37817).
4.1	Indenture, dated as of December 7, 2016, among Conduent Finance, Inc., Xerox Business Services, LLC, the Guarantors named therein and U.S. Bank National Association, as trustee.
	Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K dated December 7, 2016. (See SEC File Number 001-37817).
10.1(a)	Credit Agreement, dated as of December 7, 2016, among Conduent Incorporated, Xerox Business Services, LLC, Affiliated Computer Services International B.V., Conduent Finance, Inc., the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated December 7, 2016. (See SEC File Number 001-37817).
10.1(b)	First Incremental Agreement, dated as of January 3, 2017, among JPMorgan Chase Bank, N.A., as Administrative Agent and Xerox Business Services, LLC.
10.3(a)	Transition Services Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K dated December 29, 2016. (See SEC File Number 001-37817).
10.3(b)	Tax Matters Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated
	Incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K dated December 29, 2016. (See SEC File Number 001-37817).
10.3(c)	Employee Matters Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated.
	Incorporated by reference to Exhibit 10.3 to Registrant's Current Report on Form 8-K dated December 29, 2016. (See SEC File Number 001-37817).
10.3(d)	Intellectual Property Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated
	Incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K dated December 29, 2016. (See SEC File Number 001-37817).
10.3(e)	Trademark License Agreement, dated as of December 30, 2016, by and between Xerox Corporation and Conduent Incorporated
	Incorporated by reference to Exhibit 10.5 to Registrant's Current Report on Form 8-K dated December 29, 2016. (See SEC File Number 001-37817).
10.4(a)	Joinder Agreement to Agreement, dated December 31, 2016, among Conduent Incorporated, Xerox Corporation, Icahn Partners Master Fund LP, Icahn Partners LP, Icahn Onshore LP, Icahn Offshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises G.P. Inc., Beckton Corp., High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Jonathan Christodoro and Carl C. Icahn.
	Incorporated by reference to Exhibit 10.6 to Registrant's Current Report on Form 8-K dated December 29, 2016. (See SEC File Number 001-37817).
10.4(b)	Agreement, dated January 28, 2016, among Xerox Corporation, Icahn Partners Master Fund LP, Icahn Partners LP, Icahn Onshore LP, Icahn Offshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises G.P. Inc., Beckton Corp., High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Jonathan Christodoro and Carl C. Icahn.

	Incorporated by reference to Exhibit 10.6 to Registrant's Amendment No. 1 to Form 10 dated August 15, 2016. (See SEC File Number 001-37817).
10.5	Exchange Agreement dated October 27, 2016 by and among Darwin Deason, Conduent Incorporated and Xerox Corporation.
	Incorporated by reference to Exhibit 10.14 to Registrant's Amendment No. 5 to Form 10 dated October 28, 2016. (See SEC File Number 001-37817).
	The management contracts or compensatory plans or arrangements listed below that are applicable to the executive officers named in the Summary Compensation Table which will appear in the Registrant's 2017 Proxy Statement or to our directors are preceded by an asterisk (*).
*10.6(a)(i)	Registrant's Performance Incentive Plan dated as of December 15, 2016 ("PIP").
	Incorporated by reference to Exhibit 4.3 to Registrant's Registration Statement No. 333-215361. (See SEC File Number 001-37817).
*10.6(b)(i)	Registrant's Equity Compensation Plan for Non-Employee Directors dated as of December 15, 2016 ("ECPNED").
	Incorporated by reference to Exhibit 4.4 to Registrant's Registration Statement No. 333-215361. (See SEC File Number 001-37817).
*10.6(b)(ii)	Form of Agreement under the ECPNED.
*10.6(c)	Letter Agreement dated June 10, 2016 between Xerox Corporation and Ashok Vemuri regarding compensation arrangements.
	Incorporated by reference to Exhibit 99.2 to Xerox Corporation's Current Report on Form 8-K dated June 14, 2016. (See SEC File Number 001-04471.
*10.6(d)	Letter Agreement dated September 7, 2016 between Xerox Corporation and Jay Chu regarding compensation arrangements.
	Incorporated by reference to Exhibit 10.10 to Registrant's Amendment No. 4 to Form 10 dated October 21, 2016. (See SEC File Number 001-37817).
*10.6(e)	Letter Agreement dated September 29, 2016 between Xerox Corporation and Frederick Koury regarding compensation arrangements.
	Incorporated by reference to Exhibit 10.11 to Registrant's Amendment No. 4 to Form 10 dated October 21, 2016. (See SEC File Number 001-37817).
*10.6(f)	Letter Agreement dated July 22, 2016 between Xerox Corporation and J. Michael Peffer regarding compensation arrangements.
	Incorporated by reference to Exhibit 10.12 to Registrant's Amendment No. 4 to Form 10 dated October 21, 2016. (See SEC File Number 001-37817).
*10.6(g)	Letter Agreement dated September 6, 2016 between Xerox Corporation and Brian Webb-Walsh regarding compensation arrangements.
	Incorporated by reference to Exhibit 10.13 to Registrant's Amendment No. 4 to Form 10 dated October 21, 2016. (See SEC File Number 001-37817).
21.1	List of subsidiaries of Registrant
23	Consent of PricewaterhouseCoopers LLP.
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. §1350 as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.INS	XBRL Instance Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

** *Pursuant to the Freedom of Information Act and/or a request for confidential treatment filed with the Securities and Exchange Commission under Rule 24b-2 of the Securities Exchange Act of 1934, as amended, the confidential portion of this material has been omitted and filed separately with the Securities and Exchange Commission.*

EXHIBIT 10.1(b)
EXECUTION VERSION

FIRST INCREMENTAL AGREEMENT

This FIRST INCREMENTAL AGREEMENT, dated as of January 3, 2017 (this " First Incremental Agreement "), by and among JPMORGAN CHASE BANK, N.A., as the Administrative Agent (the " Administrative Agent "), XEROX BUSINESS SERVICES, LLC, a Delaware limited liability company (the " U.S. Borrower "), the other Loan Parties party hereto and the initial lenders party hereto (the " Initial Lenders ").

RECITALS:

WHEREAS , reference is hereby made to the Credit Agreement, dated as of December 7, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), among Conduent Incorporated, a New York corporation (" Holdings "), the U.S. Borrower, Affiliated Computer Services International B.V., a private limited company (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands and registered in the Trade Register of the Dutch Chamber of Commerce under number 34160388 (the " Dutch Borrower " and, together with the U.S. Borrower, the " Borrowers "), Conduent Finance, Inc., a Delaware corporation, the Lenders or other financial institutions or entities from time to time party thereto and the Administrative Agent (capitalized terms used but not defined herein having the meaning provided in the Credit Agreement);

WHEREAS , subject to the terms and conditions of the Credit Agreement, the Borrowers may obtain Incremental Term Loans by, among other things, entering into one or more Additional Credit Extension Amendments (with this First Incremental Agreement constituting an Additional Credit Extension Amendment);

WHEREAS , it is intended that the U.S. Borrower will obtain $100.0 million of incremental term loans (the " Incremental Term Loans ") to be used for general corporate purposes and to pay fees and expenses in connection therewith, in each case, pursuant to the terms of this First Incremental Agreement (the transactions set forth in this clause, the " Transactions "); and

WHEREAS , the Borrower intends to incur the Incremental Term Loans pursuant to Section 2.19 of the Credit Agreement.

NOW, THEREFORE , in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

Subject to the terms and conditions set forth herein and pursuant to the provisions of Section 2.19 of the Credit Agreement, the Initial Lenders hereby agree to provide the Incremental Term Loans on the Closing Date (as defined below) as set forth on Schedule A annexed hereto.

Each Initial Lender (i) confirms that it has received a copy of the Credit Agreement and the other Loan Documents and the exhibits thereto, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this First Incremental Agreement, (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, (iii) appoints and authorizes the Administrative Agent to take such actions as agent on its behalf and to exercise such powers under the

Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto and (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as an Initial Lender.

The Initial Lenders hereby agree that the Incremental Term Loans will be made on the following terms and conditions:

1. **Initial Drawing of Incremental Term Loans** . The Incremental Term Loans shall be denominated in Dollars and shall be made in a single drawing on the Closing Date.

2. **LIBOR Floor and Applicable Rate for Incremental Term Loans** .

   Clause (ii) of the second proviso of the definition of "Eurocurrency Rate" shall apply to the Incremental Term Loans and the "Applicable Rate" for the Incremental Term Loans shall mean, as of any date of determination, the applicable percentage per annum as set forth below.

Incremental Term Loans	
Eurocurrency Incremental Term Loans	**Base Rate Incremental Term Loans**
5.50%	4.50%

3. **Principal Payments of the Incremental Term Loans** . The (i) scheduled amortization payments under Section 2.09(d) of the Credit Agreement shall be automatically increased to reflect the aggregate principal amount of the Incremental Term Loans and (ii) the Administrative Agent shall take any and all action as may be reasonably necessary to ensure that the Incremental Term Loans are included in each repayment of the Term B Loans on a pro rata basis (with the Incremental Term Loans being fungible with the Term B Loans) based upon the original principal amount of the Term B Loans and the Incremental Term Loans. Any remaining outstanding amount of the Term B Loans (including the Incremental Term Loans) shall be repaid in full on the Term B Loan Maturity Date.

4. **Incremental Term Loans Voluntary and Mandatory Prepayments; Incremental Term Loans Prepayment Fees** . Scheduled installments of principal of the Incremental Term Loans set forth above shall be reduced in connection with any voluntary or mandatory prepayments of the Incremental Term Loans in accordance with Sections 2.09 and 2.10 of the Credit Agreement, respectively, as if such Incremental Term Loans were (and on a pro rata basis with) Term B Loans. Without duplication of the obligations of the U.S. Borrower under Section 2.09(a)(iii) of the Credit Agreement, in the event that, on or prior to December 7, 2017, the U.S. Borrower (x) prepays, repays, refinances, substitutes or replaces any Term B Loans or Incremental Term Loans in connection with a Repricing Transaction (including, for the avoidance of doubt, any prepayment made pursuant to Section 2.10(b)(iii) of the Credit Agreement that constitutes a Repricing Transaction), or (y) effects any amendment, waiver or other modification of, or consent under, the Credit Agreement resulting in a Repricing Transaction, the U.S. Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable Term B Lenders and Initial Lenders, (A) in the case of clause (x), a premium of 1.00% of the aggregate principal amount of the Term B Loans or Incremental Term Loans so prepaid, repaid, refinanced, substituted or replaced and (B) in the case of clause (y), a fee equal to 1.00% of the aggregate principal amount of the Term B Loans or Incremental Term Loans outstanding immediately prior

to such amendment, waiver, modification or consent that are the subject of such Repricing Transaction. If, on or prior to December 7, 2017, all or any portion of the Term B Loans or Incremental Term Loans held by any Lender are prepaid, repaid, refinanced, substituted or replaced pursuant to Section 2.18 of the Credit Agreement as a result of, or in connection with, such Lender not consenting with respect to any amendment, waiver, modification or consent referred to in clause (y) above (or otherwise in connection with a Repricing Transaction), such prepayment, repayment, refinancing, substitution or replacement will be made at 101% of the principal amount so prepaid, repaid, refinanced, substituted or replaced. All such amounts shall be due and payable on the date of effectiveness of such Repricing Transaction.

5. **Use of Proceeds of the Incremental Term Loans** . The U.S. Borrower shall use the proceeds of the Incremental Term Loans for general corporate purposes and to pay fees and expenses related to the Transactions.

6. **Terms Generally for Incremental Term Loans** . Other than as set forth herein, for all purposes under the Credit Agreement and the other Loan Documents, the Incremental Term Loans shall have the same terms as the Term B Loans and shall be treated for purposes of voluntary and mandatory prepayments (including any applicable prepayment fees and for scheduled principal payments) and all other terms as the same Class of Term Loans as the Term B Loans. The Incremental Term Loans shall, to the extent permitted by applicable tax rules and regulations, be structured as an increase to the Term B Loans that will trade fungibly with such Term B Loans. Upon the funding of the Incremental Term Loans on the Closing Date, the Incremental Term Loans shall automatically and without further action by any Person constitute Term B Loans and Loans and the Initial Lenders shall be Lenders for all purposes of the Credit Agreement and the other Loan Documents. In furtherance of the foregoing, on the Closing Date, there shall commence an initial Interest Period with respect to the Incremental Term Loans, which Interest Period shall end on the last day of the Interest Period applicable to the Term B Loans as in effect immediately prior to the Closing Date.

7. **[Reserved]**

8. **Initial Lenders** . Each Initial Lender acknowledges and agrees that upon its execution of this First Incremental Agreement it shall become a “Lender” under, and for all purposes of, the Credit Agreement and the other Loan Documents, and shall be subject to and bound by the terms thereof, and shall perform all the obligations of and shall have all rights of a Lender thereunder. For all purposes of this First Incremental Agreement, the Credit Agreement and the other Loan Documents, the term “Initial Lender” shall include each Lender with a commitment to make an Incremental Term Loan or an outstanding Incremental Term Loan.

9. **Credit Agreement Governs** . Except as set forth in this First Incremental Agreement, the Incremental Term Loans shall otherwise be subject to the provisions of the Credit Agreement and the other Loan Documents. This First Incremental Agreement shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders under the Credit Agreement or any other Loan Document. This First Incremental Agreement shall not constitute a novation of the Credit Agreement or any of the other Loan Documents

10. **Closing Date Conditions** . The effectiveness of this First Incremental Agreement and the initial borrowing of the Incremental Term Loans shall become effective on the date upon which all of

the following shall have been satisfied (the " Closing Date "; provided that such date shall be no later than January 15, 2017):

(i) the Administrative Agent (or its counsel) shall have received either (A) counterparts of this First Incremental Agreement or (B) written evidence reasonably satisfactory to the Administrative Agent (which may include facsimile or electronic mail transmission in accordance with Section 9.01 of the Credit Agreement) that such party has signed a counterpart of this First Incremental Agreement that, when taken together, bear the signatures of the U.S. Borrower, the Guarantors, the Administrative Agent and the Initial Lenders; all reasonable and documented or invoiced out-of-pocket costs and expenses (including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP , as counsel to the Initial Lenders) of the Initial Lenders and the Administrative Agent incurred in connection with the transactions contemplated hereby for which invoices have been presented at least three Business Days prior to the Closing Date shall, to the extent required to be reimbursed or paid by the U.S. Borrower, have been paid;

(ii) the fees set forth in the Engagement Letter dated as of December 14, 2016, among Holdings, the U.S. Borrower, JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, that are required to be paid on the Closing Date shall have been paid;

(iii) the Administrative Agent (or its counsel) shall have received the executed legal opinions, each in form reasonably satisfactory to the Administrative Agent, of (i) Cravath, Swaine & Moore LLP, special counsel to Holdings and the Guarantors organized under the laws of New York, (ii) Richards, Layton & Finger, P.A., special counsel to the U.S. Borrower and the Guarantors organized under the laws of Delaware, (iii) Kolesar and Leatham, special counsel to the Guarantors organized under the laws of Nevada, (iv) Morgan, Lewis & Bockius LLP, special counsel to the Guarantors organized under the laws of Pennsylvania and (v) Taft Stettinius & Hollister LLP, special counsel to the Guarantors organized under the laws of Indiana, or, in each case, such other legal counsel as may be reasonably acceptable to the Administrative Agent;

(iv) the Administrative Agent shall have received such customary closing documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Loan Parties (to the extent such concept is applicable in the relevant jurisdiction) and the authorization of the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel (it being understood and agreed that no secretary certificates shall be required to the extent a Responsible Officer of the U.S. Borrower certifies that the secretary certificates delivered on the Closing Date (as defined in the Credit Agreement) remain true and complete in all material respects);

(v) the Administrative Agent shall have received a certificate attesting to the Solvency of the U.S. Borrower and its Subsidiaries (taken as a whole on a consolidated basis) on the Closing Date after giving effect to the Transactions to occur on the Closing Date, from a Financial Officer of the U.S. Borrower;

(vi) the Administrative Agent shall have received a certificate from an officer of the U.S. Borrower dated the Closing Date certifying that (a) the representations and warranties of each Loan Party set forth in Section 11 of this First Incremental Agreement are true and correct in all material respects (except that any representation and warranty that is qualified by materiality shall be true and correct in all respects) on and as of the Closing Date before and after giving effect to this First Incremental Agreement except where any representation and warranty is expressly made as of a specific earlier date, such representation and warranty shall be true in all material respects as of any such earlier date and (b) no Default or Event of Default has occurred and is continuing;

(vii) the Administrative Agent and the Initial Lenders shall have received a Borrowing Request in respect of the Incremental Term Loans; and

(viii) the Initial Lenders shall have received, at least three Business Days prior to the Closing Date, all documentation and other information reasonably requested in writing by them at least ten Business Days prior to the Closing Date in order to allow the Initial Lenders to comply with the Act.

11. **Representations and Warranties** . By its execution of this First Incremental Agreement, each Loan Party party hereto hereby represents and warrants to the Administrative Agent, the Initial Lenders and the Lenders that:

(i) This First Incremental Agreement has been duly authorized, executed and delivered by such Loan Party and constitutes the legal, valid and binding obligation of the Loan Parties party hereto, enforceable against such Loan Parties in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(ii) The execution, delivery and performance by such Loan Party of this First Incremental Agreement is within such Loan Party's corporate, limited liability company or partnership powers, has been duly authorized by all necessary corporate or other organizational action, and does not and will not (a) violate (i) any applicable law or regulation or order of any Governmental Authority or (ii) the charter, by-laws or other organizational documents of any Loan Party, (b) violate or result in a default under any indenture, agreement or other instrument binding upon any Loan Party or its assets, or give rise to a right thereunder to require any payment to be made by any Loan Party, and (c) will not result in the creation or imposition of any Lien on any material asset of any Loan Party (other than pursuant to the Loan Documents and Liens permitted by Section 6.02 of the Credit Agreement); except with respect to any violation or default referred to in clause (a)(i) or (b) above, to the extent that such violation or default could not reasonably be expected to have a Material Adverse Effect.

(iii) The representations and warranties of the U.S. Borrower and each other Loan Party contained in Article III of the Credit Agreement or any other Loan Document shall be true and correct in all material respects (except that any representation and warranty that is qualified by materiality shall be true and correct in all respects) on and as of the date hereof except where any representation and warranty is expressly made as of a specific earlier date, such representation and warranty shall be true in all material respects as of any such earlier date.

12. **Notice** . For purposes of the Credit Agreement, the initial notice address of the Initial Lenders shall be as separately identified to the Administrative Agent.

13. **Tax Forms** . For the Initial Lenders, delivered herewith to the Administrative Agent are such forms, certificates or other evidence with respect to United States federal income tax withholding matters as the Initial Lenders may be required to deliver to the Administrative Agent pursuant to the Credit Agreement.

14. **Recordation of the Incremental Term Loans** . Upon execution and delivery hereof, the Administrative Agent will record the Incremental Term Loans made by the Initial Lenders in the Register.

15. **Amendment, Modification and Waiver** . This First Incremental Agreement may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto. This First Incremental Agreement, the Credit Agreement and the other Loan Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.

16. **GOVERNING LAW. THIS FIRST INCREMENTAL AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY)** .

17. **Severability** . Any term or provision of this First Incremental Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

18. **Counterparts** . This First Incremental Agreement may be executed in counterparts (including by facsimile or other electronic transmission), each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

19. **WAIVER OF JURY TRIAL** . EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS FIRST INCREMENTAL AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

20. **Loan Document** . On and after the Closing Date, this First Incremental Agreement shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents (it being understood that for the avoidance of doubt this First Incremental Agreement may be amended or waived solely by the parties hereto as set forth in Section 15 above).

21. **Consent and Affirmation of the Guarantors** . Each of the Guarantors, in its capacity as a guarantor under the Guarantee Agreement and a Pledgor under the Security Agreement or the Holdings Pledge Agreement, as the case may be, and as a party to each other Loan Document to which it is a party, hereby (i) consents to the execution, delivery and performance of this First Incremental Agreement and agrees that each of the Loan Documents to which it is a party is, and shall continue to be, in full force and effect and is hereby in all respects ratified and confirmed on the Closing Date, except that, on and after the Closing Date, each reference to the "Credit Agreement", "thereunder", "thereof", "therein" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended and otherwise modified by this First Incremental Agreement and (ii) affirms and confirms its guarantee of the Obligations and its pledge/or grant of a security interest in its assets as Collateral to secure the Obligations with all such security interests continuing in full force and effect after giving effect to this First Incremental Agreement and that the Loan Documents to which each of the Guarantors is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Obligations, including the Incremental Term Loans.

22. **Affirmation of the Borrower** . The U.S. Borrower hereby (i) agrees that each of the Loan Documents to which it is a party is, and shall continue to be, in full force and effect and is hereby in all respects ratified and confirmed on the Closing Date, except that, on and after the Closing Date, each reference to the "Credit Agreement", "thereunder", "thereof", "therein" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended and otherwise modified by this First Incremental Agreement and (ii) affirms and confirms its pledge/or grant of a security interest in its assets as Collateral to secure the Obligations with all such security interests continuing in full force and effect after giving effect to this First Incremental Agreement and that the Loan Documents to which it is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Obligations, including the Incremental Term Loans.

[signature pages to follow]

IN WITNESS WHEREOF , each of the undersigned has caused its duly authorized officer to execute and deliver this First Incremental Agreement as of the date first set forth above.

XEROX BUSINESS SERVICES, LLC

By: _____
Name:
Title:

[*Signature Page to Incremental Agreement*]

[[3630930]]

CONSENTED AND CONFIRMED BY:

[GUARANTORS]

By: _____
Name:
Title:

[*Signature Page to Incremental Agreement*]

[[3630930]]

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: _____
Name:
Title:

[*Signature Page to Incremental Agreement*]

[[3630930]]

JPMORGAN CHASE BANK, N.A., as Initial Lender

By: _____
Name:
Title:

[*Signature Page to Incremental Agreement*]

[[3630930]]

SCHEDULE A
TO FIRST INCREMENTAL AGREEMENT

Initial Lender	Incremental Term Loan Commitment Amount
JPMorgan Chase Bank, N.A.	$100,000,000

EXHIBIT 10.6(b)(ii)

AGREEMENT PURSUANT TO
CONDUENT INCORPORATED
EQUITY COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

AGREEMENT, by Conduent Incorporated, a New York corporation (the "Company"). dated as of the date which appears as the "Date of Agreement and Award" in the Award Summary attached hereto (the "Award Summary") in favor of the individual whose name appears on the Award Summary, a non-employee Director of the Company (the "Director").

In accordance with the provisions of the "Conduent Incorporated Equity Compensation Plan for Non-Employee Directors," as amended and restated (the "Plan"), the Board of Directors of the Company (the "Board") has authorized the execution and delivery of this Agreement.

Terms used herein which are defined in the Plan or in this Agreement shall have the meanings assigned to them in the Plan or this Agreement, respectively.

The Award Summary contains the details of the awards covered by this Agreement and is incorporated herein in its entirety.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the Company agrees as follows:

AWARD OF DEFERRED STOCK UNITS

1. Award of Deferred Stock Units . Subject to all terms and conditions of the Plan and this Agreement, the Company has awarded to the Director on the date indicated on the Award Summary the number of Deferred Stock Units (individually, the "DSU") as shown on the Award Summary.

TERMS OF THE DEFERRED STOCK UNIT

2. Deferral Period and Entitlement to Shares. Upon the lapse of the Deferral Period indicated on the Award Summary in connection with the DSU, which shall be the earlier of: (1) one year following termination of Board service, (2) the date of death or (3) the date determined by the Board to the extent necessary for any Federal officer or employee in the executive branch to comply with an ethics agreement with the Federal government, the Company shall deliver to such person a certificate or certificates for a number of shares of Common Stock equal to the number of DSUs as to which a Deferral Period has lapsed. No fractional shares shall be issued. If service as a Director of the Company ends prior to the sixth month anniversary of the first day of the month of the date of this Agreement, the number of shares issuable at the end of the Deferral Period will be prorated in the following manner. For each month of Board service following the date of the award, Director or his or her estate, as the case may be, will receive a prorated number of shares of one-sixth of the total award provided pursuant to this Agreement. Termination of Board service prior to the end of a month will be treated as though Director served on the Board for the entire month for purposes of the award.

3. Dividend Equivalents . Director shall be entitled to receive from the Company dividend equivalents, which are credited in the form of additional DSUs payable in Common Stock following the lapse of the Deferral

Period, at the same time and in the same amounts that the holder of record of a number of shares of Common Stock equal to the number of DSUs covered by the Agreement would be entitled to receive as dividends on such Common Stock. Such right to dividend equivalents on a DSU covered hereby shall apply to all dividends the record date for which occurs at any time dung the period commencing on the date hereof and ending on the date that Director becomes a shareholder of record with respect to such DSU as a result of the lapse of a Deferral Period as provided under Paragraph 2.

OTHER TERMS

4. Rights of a Shareholder. Director shall have no rights as a shareholder with respect to any shares covered by this Agreement until the date of issuance of a stock certificate to him for such shares. Except as otherwise provided herein, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

5. Non-Assignability . This Agreement shall not be assignable or transferable by Director except by will or by the laws of descent and distribution except pursuant to a domestic relations order entered by a court of competent jurisdiction. During the lifetime of Director the shares of Common Stock issued in connection with DSUs shall be delivered only to Director.

6. General Restrictions. If at any time the Chief Executive Officer of the Company ("CEO") shall determine, in his discretion, that the listing, registration or qualification of any shares subject to this Agreement upon any securities exchange or under any state or Federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the awarding of or the issuance of DSUs or shares hereunder, the DSUs or shares may not be awarded or issued unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the CEO and any delay caused thereby shall in no way affect the date of termination of the award.

7. Tax Withholding and Information Reporting. Whenever the Plan provides that shares of Common Stock are to be delivered following the lapse of the Deferral Period, the Company shall have the right to require Director to remit to the Company an amount sufficient to satisfy any federal, state, and/or local withholding tax requirements prior to the delivery of such certificates. In addition, the Company shall have the right to satisfy any withholding requirements by withholding shares of Common Stock from the shares of Common Stock otherwise deliverable to Director, provided, however, that no shares of Common Stock are to be withheld with a value exceeding the minimum amount of tax required to be withheld by law. The Company will report income to Director on IRS Form 1099, 1042-S, or other appropriate information form or return.

8. Amendment of this Agreement. With the consent of Director, the Board may amend this Agreement in a manner not inconsistent with the Plan.

9. Notices. Notices hereunder shall be in writing and if to the Company shall be mailed to the Company at 100 Campus Drive, Suite 200E, Florham Park, New Jersey 07932, addressed to the attention of Office of Corporate Secretary, and if to Director shall be delivered personally or mailed to Director at the address as the same appears on the records of the Company.

10. Interpretation of This Agreement. The Board shall have the authority to interpret the Plan and this Agreement and to take whatever administrative actions, including correction of administrative errors in the awards subject to this Agreement and in this Agreement, as the Board in its or his sole good faith judgment shall be determined to be advisable. All decisions, interpretations and administrative actions made by the Board hereunder or under the Plan shall be binding and conclusive on the Company and Director. In the event there is inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

11. Successors and Assigns. This Agreement shall be binding and inure to the benefit of the parties hereto and the successors and assigns of the Company and to the extent provided in Paragraph 5 to the personal representatives, legatees and heirs of Director.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day and year set forth on the Award Summary.

CONDUENT INCORPORATED

By: _____

SUBSIDIARIES OF CONDUENT INCORORATED

The following companies are subsidiaries of Conduent Incorporated as of December 31, 2016. Unless otherwise noted, a subsidiary is a company in which Conduent Incorporated or a subsidiary of Conduent Incorporated holds 50% or more of the voting stock. The names of other subsidiaries have been omitted as they would not, if considered in the aggregate as a single subsidiary, constitute a significant subsidiary:

Name of Subsidiary	Jurisdiction of Incorporation or Organization
MidasPlus, Inc.	Arizona
Healthy Communities Institute Corporation	California
Breakaway Healthcare and Life Sciences LLC	Colorado
Education Sales and Marketing, LLC	Colorado
ESM Chaperone, LLC	Colorado
Wagers & Associates, Inc.	Colorado
ACS Asset Management Group, LLC	Delaware
ACS BPO Services, Inc.	Delaware
ACS BRC Holdings, LLC	Delaware
ACS Consultant Holdings Corporation	Delaware
ACS Defense, LLC	Delaware
ACS EDI Gateway, Inc.	Delaware
ACS Education Loan Services LLC	Delaware
ACS Enterprise Solutions, LLC	Delaware
ACS e-Services, LLC	Delaware
ACS Global, Inc.	Delaware
ACS Health Administration, Inc.	Delaware
ACS Healthcare Analytics, Inc.	Delaware
ACS HR Solutions World Services LLC	Delaware
ACS Human Resources Solutions, LLC	Delaware
ACS Lending, Inc.	Delaware
ACS Middle East, Inc.	Delaware
ACS TMC, Inc.	Delaware
ACS TradeOne Marketing, Inc.	Delaware
ACS Trust I	Delaware
ACS Trust II	Delaware
ACS/ECG Holdings, LLC	Delaware
ACS@Xerox LLC	Delaware
Buck Consultants, LLC	Delaware
Buck Kwasha Securities LLC	Delaware
Bunch CareSolutions, LLC	Delaware
CDR Associates, L.L.C.	Delaware
Conduent Card Service LLC	Delaware
Conduent Finance, Inc.	Delaware
Consilience Software, Inc.	Delaware
Education Services Company, LLC	Delaware
etravelexperts, LLC	Delaware
Government Records Services, Inc.	Delaware
Intellinex LLC	Delaware

ISG Holdings, Inc	Delaware
ISG Services, LLC	Delaware
ParkIndy, LLC	Delaware
RSA Enterprises LLC	Delaware
RSA Medical Exams LLC	Delaware
RSA Medical LLC	Delaware
Specialty I, LLC	Delaware
StrataCare, LLC	Delaware
The National Abandoned Property Processing Corporation	Delaware
Title Records Corporation	Delaware
TMS Health LLC	Delaware
Xerox Audit & Compliance Solutions, LLC	Delaware
Xerox Business Services, LLC	Delaware
Xerox Education Services, LLC	Delaware
Xerox Education Solutions, LLC	Delaware
Xerox European Funding LLC	Delaware
Xerox Export LLC	Delaware
Xerox Federal Solutions, LLC	Delaware
Xerox Government Systems, LLC	Delaware
Xerox HR Solutions, LLP	Delaware
Xerox Mortgage Services, Inc.	Delaware
Xerox Recovery Services, Inc.	Delaware
Xerox Relocation & Assignment Services, LLC	Delaware
Xerox State Healthcare, LLC	Delaware
LearnSomething, Inc.	Florida
ACB Airport Solutions, LLC	Georgia
Digital Information Systems Company, L.L.C.	Georgia
Xerox Transport Solutions, Inc.	Georgia
Wireless Data Services (Operations) Inc.	Idaho
ACS Human Services, LLC	Indiana
Health Technology Acquisition Company	Indiana
Outsourced Administrative Systems, Inc.	Indiana
ACS Image Solutions, Inc.	Louisiana
Xerox Consultant Company, Inc.	Michigan
ACS CompIQ Corporation	Nevada
Xerox Commercial Solutions, LLC	Nevada
TMS Health Patient Access Solutions, LLC	New Jersey
Consultec IPA, Inc.	New York
Smart Data Consulting Corp	New York
Xerox State & Local Solutions, Inc.	New York
LiveBridge, Inc.	Oregon
Newspaper Services Holding, Inc.	Oregon
Statit Software, Inc.	Oregon
Superior Venture Partner, Inc.	Pennsylvania

Xerox HR Solutions, LLC	Pennsylvania
CredenceHealth, Inc.	Tennessee
ACS Protection Services, Inc.	Texas
ACS Securities Services, Inc.	Texas
ACS Welfare Benefit Trust	Texas
Conduent Legal & Compliance Solutions, LLC	Texas
Mercury Fund II, Ltd.	Texas
Transaction Processing Specialists, Inc.	Texas
WDS Global—Texas, Inc.	Texas
Xerox Heritage, LLC	Virginia
Intellinex PS-OS, Inc.	Washington
Wireless Data Services North America Inc.	Washington
Xerox Care and Quality Solutions, Inc.	Wisconsin
Eagle Connect Sh.p.k.	Albania
Voice Star Sh.p.k.	Albania
Market Line S.A.	Argentina
Consilience Software Australasia Pty Ltd	Australia
Xerox Business Services (Australia) Pty. Ltd.	Australia
Wireless Data Services Pty Limited	Australia
Affiliated Computer Services Austria GmbH	Australia
Affiliated Computer Services International (Barbados) Limited	Barbados
Buck Consultants	Belgium
ACS Transportation Services Participacoes Ltda	Brazil
Affiliated Computer Services do Brasil Ltda.	Brazil
ACS HR Solucoes Servicos de Recursos Humanos do Brasil Ltda	Brazil
Affiliated Computer Services Call Center Operations do Brasil LTDA	Brazil
Buck Consultants Limited/Conseilliers Buck Limitee	Canada
Buck Consultants Insurance Agency Limited	Canada
CPAS Systems, Inc.	Canada
Xerox Business Services Canada, Inc.	Canada
ACS HR Solutions Canada Co	Canada
ACS Solutions Chile SA	Chile
ACS Road Technology Services (Beijing) Co. Ltd.	China
Affiliated Computer Services (Tianjin) Co., Ltd.	China
ML Colombia S.A.	Colombia
Penad NV	Curacao
ACS Czech Republic s.r.o.	Czech Republic

Xerox Business Services Dominican Republic, SAS	Dominican Republic
Affiliated Computer Services (Fiji) Limited	Fiji
Affiliated Computer Services Business Process Solutions SAS	France
Xerox Business Solutions (France) SAS	France
Affiliated Computer Services of Germany GmbH	Germany
ACS Holdings (Germany) GmbH	Germany
ACS HR Solutions Deutschland GmbH	Germany
Invoco Holding GmbH	Germany
GIP Dialog Gesellschaft fur Produktinformation mbH	Germany
Invoco Business Solutions GmbH	Germany
Invoco Communication Center GmbH	Germany
Invoco Customer Service GmbH	Germany
Invoco Helpline Communication GmbH	Germany
Invoco Helpline GmbH	Germany
Invoco Marketing & Vetrieb GmbH	Germany
Invoco Media Sales GmbH	Germany
Invoco Multimeida GmbH	Germany
Invoco Sales GmbH	Germany
Invoco Service Center GmbH	Germany
Invoco Service GmbH	Germany
Invoco Services & Sales GmbH	Germany
Invoco Technical Service GmbH	Germany
ACS-BPS (Ghana) Limited	Ghana
Xerox Business Services de Guatemala, Sociedad Anonima	Guatemala
ACS HR Solutions Share Plan Services (Guernsey), Limited	Guernsey
ACS China Solutions Hong Kong Limited	Hong Kong
Xerox Business Solutions (Hong Kong) Limited	Hong Kong
Xerox Business Services India LLP	India
Conduent Ireland Limited	Ireland
Xerox Business Services Italy S.r.l.	Italy
Nuova Karel Soluzioni S.r.l. unipersonale	Italy
Xerox Business Solutions Italia, S.p.A.	Italy
ACS Business Process Solutions (Jamaica) Limited	Jamaica
e-Services Group International (Jamaica) Limited	Jamaica
Sia Rigas Karte	Latvia
Affiliated Computer Services Holdings (Luxembourg) S.A.R.L.	Luxembourg
Xerox Business Services Malaysia Sdn. Bhd.	Malaysia
ACS Malta Limited	Malta

Xerox Business Services de Mexico, S.A. de C.V.	Mexico
Xerox Solutions de Mexico, S. de R.L. de C.V.	Mexico
Phenox Holding B.V.	Netherlands
Buck Consultants BV	Netherlands
Phenox Professionals BV	Netherlands
Affiliated Computer Services International B.V.	Netherlands
ACS HR Solutions Nederland BV	Netherlands
Wilhaave Groep BV	Netherlands
Unamic Holding BV	Netherlands
Unamic/HCN BV	Netherlands
Xerox Business Services (Netherlands) B.V.	Netherlands
Market Line Peru S.A.C.	Peru
ACS Solutions Peru S.A.	Peru
Xerox Business Services Philippines, Inc.	Philippines
ACS Solutions Poland Sp. Z.o.o.	Poland
Affiliated Computer Services of Poland Sp. z.o.o.	Poland
ACS Puerto Rico, LLC	Puerto Rico
Xerox Business Solutions of Puerto Rico, Inc.	Puerto Rico
Xerox Business Services Romania S.r.l.	Romania
Xerox Europe Finance Limited Partnership	Scotland
Wireless Data Services (Asia Pac) PTE Ltd.	Singapore
Wireless Data Services (Proprietary) Limited	South Africa
Affiliated Computer Services of Spain, S.L., Sociedad Unipersonal	Spain
Xerox Business Solutions Spain, S.L.	Spain
e-Services Group (St. Lucia) Ltd.	St. Lucia
Telenamic NV	Suriname
Affiliated Computer Services GmbH	Switzerland
Xerox Business Services (Switzerland) AG	Switzerland
Unamic HCN Musteri Hizmetleri Limited Sirketi	Turkey
ACS Business Process Solutions Limited	United Kingdom
CVG Ltd	United Kingdom
Spur Information Solutions Limited	United Kingdom
Wireless Data Services Limited	United Kingdom
Buck Consultants Limited	United Kingdom
Buck Consultants (Healthcare) Limited	United Kingdom
Buck Consultants (Administration & Investment) Limited	United Kingdom
Buck Consultants Shareplan Trustees Limited	United Kingdom

Buckingham Trustees Limited	United Kingdom
Talking People Limited	United Kingdom

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-215361) of Conduent Incorporated of our report dated March 10, 2017 , relating to the consolidated financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PRICEWATERHOUSE COOPERS LLP

PricewaterhouseCoopers LLP
Dallas, Texas
March 10, 2017

CEO CERTIFICATIONS

I, Ashok Vemuri, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 10, 2017

/ S / ASHOK VEMURI

Ashok Vemuri
Principal Executive Officer

CFO CERTIFICATIONS

I, Brian Webb-Walsh, certify that:

1. I have reviewed this Annual Report on Form 10-K of Conduent Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 10, 2017

/ S / BRIAN WEBB-WALSH

Brian Webb-Walsh
Principal Financial Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-K of Conduent Incorporated, a New York corporation (the "Company"), for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ashok Vemuri, Chief Executive Officer of the Company, and Brian Webb-Walsh, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/ S / ASHOK VEMURI

Ashok Vemuri
Chief Executive Officer

March 10, 2017

/ S / BRIAN WEBB-WALSH

Brian Webb-Walsh
Chief Financial Officer

March 10, 2017

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Conduent Incorporated and will be retained by Conduent Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

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

FORM 10-Q

(Mark One)

¡ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2016

OR

˛ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-37817

CONDUENT INCORPORATED
(Exact Name of Registrant as specified in its charter)

New York	**81-2983623**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
233 Mount Airy Road, Suite 100 Basking Ridge, New Jersey	**07920**
(Address of principal executive offices)	**(Zip Code)**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports),* and (2) has been subject to such filing requirements for the past 90 days. Yes ˛ No ¡

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¡ No ˛

Indicate by a check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ˛ Accelerated filer ˛ # Non-accelerated filer ¡ # Smaller reporting company ˛

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ˛ # No Z

Class	Outstanding at November 9, 2016
Common Stock, $0.01 par value	1,000 shares**

* The registrant became subject to the requirements on November 8, 2016.

** As of November 10, 2016, none of the voting stock of the registrant is held by a non-affiliate of the registrant. There is no publicly-traded market for any class of voting stock of the registrant. There is one holder of record of the registrant's equity, Xerox Corporation.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect Management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include, but are not limited to: changes in government regulation and economic, strategic, political and social conditions; competitive pressures; changes in interest in outsourced business process services; our ability to obtain adequate pricing for our services and to improve our cost structure; the effects of any acquisitions, joint ventures and divestitures by us; our ability to attract and retain key employees; our ability to attract and retain necessary technical personnel and qualified subcontractors; 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 “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this Quarterly Report on Form 10-Q, as well as in the "Risk Factors" section of our Registration Statement on Form 10 filed with the Securities and Exchange Commission. Any forward-looking statements made by us in this Quarterly Report on Form 10-Q 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.

BUSINESS PROCESS OUTSOURCING BUSINESS OF XEROX CORPORATION
FORM 10-Q
September 30, 2016

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For additional information about Conduent Incorporation and access to our Registration Statement on Form 10, free of charge, please visit our website at www.conduent.com/investor. Any information on or linked from the website is not incorporated by reference into this Form 10-Q.

PART I — FINANCIAL INFORMATION
ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)

BUSINESS PROCESS OUTSOURCING BUSINESS OF XEROX CORPORATION
CONDENSED COMBINED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2016	2015	2016	2015
Revenues				
Outsourcing	$ 1,585	$ 1,557	$ 4,856	$ 4,892
Related party	11	14	38	40
Total Revenues	1,596	1,571	4,894	4,932
Costs and Expenses				
Cost of outsourcing	1,319	1,672	4,079	4,505
Related party cost of services	9	10	28	29
Research and development	7	12	25	39
Selling, administrative and general	164	170	517	522
Restructuring and related costs	8	9	57	160
Amortization of intangible assets	63	62	200	187
Separation costs	15	—	34	—
Related party interest	10	14	30	50
Other expenses, net	(1)	12	10	22
Total Costs and Expenses	1,594	1,961	4,980	5,514
Income (Loss) before Income Taxes	2	(390)	(86)	(582)
Income tax expense (benefit)	1	(154)	(54)	(237)
Income (Loss) from Continuing Operations	1	(236)	(32)	(345)
Loss from discontinued operations, net of tax	—	(3)	—	(64)
Net Income (Loss)	$ 1	$ (239)	$ (32)	$ (409)

The accompanying notes are an integral part of these Condensed Combined Financial Statements.

BUSINESS PROCESS OUTSOURCING BUSINESS OF XEROX CORPORATION
CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2016	2015	2016	2015
Net Income (Loss)	$ 1	$ (239)	$ (32)	$ (409)
Other Comprehensive Loss, Net[1]:				
Translation adjustments, net	(10)	(28)	(25)	(47)
Unrealized (losses) gains, net	—	(1)	1	—
Changes in defined benefit plans, net	1	2	2	3
Other Comprehensive Loss, Net	(9)	(27)	(22)	(44)
Comprehensive Loss, Net	$ (8)	$ (266)	$ (54)	$ (453)

(1) Refer to Note 10 - Other Comprehensive Loss for gross components of Other Comprehensive Loss, reclassification adjustments out of Accumulated Other Comprehensive Loss and related tax effects.

The accompanying notes are an integral part of these Condensed Combined Financial Statements.

BUSINESS PROCESS OUTSOURCING BUSINESS OF XEROX CORPORATION
CONDENSED COMBINED BALANCE SHEETS (UNAUDITED)

(in millions)	September 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	$ 148	$ 140
Accounts receivable, net	1,420	1,246
Related party notes receivable	205	248
Other current assets	247	240
Total current assets	2,020	1,874
Land, buildings and equipment, net	264	280
Intangible assets, net	1,225	1,425
Goodwill	4,850	4,872
Other long-term assets	564	607
Total Assets	$ 8,923	$ 9,058
Liabilities and Net Parent Equity		
Short-term debt and current portion of long-term debt	$ 22	$ 24
Related party notes payable	1,106	1,132
Accounts payable	116	264
Accrued compensation and benefits costs	245	249
Unearned income	208	227
Other current liabilities	609	845
Total current liabilities	2,306	2,741
Long-term debt	26	37
Pension and other benefit liabilities	151	153
Deferred taxes	781	764
Other long-term liabilities	169	201
Total Liabilities	3,433	3,896
Contingencies (See Note 11)		
Net Parent Equity		
Net parent investment	5,693	5,343
Accumulated other comprehensive loss	(203)	(181)
Total Net Parent Equity	5,490	5,162
Total Liabilities and Net Parent Equity	$ 8,923	$ 9,058

The accompanying notes are an integral part of these Condensed Combined Financial Statements.

BUSINESS PROCESS OUTSOURCING BUSINESS OF XEROX CORPORATION
CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2016	2015	2016	2015
Cash Flows from Operating Activities:				
Net income (loss)	$ 1	$ (239)	$ (32)	$ (409)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:				
Depreciation and amortization	135	170	417	466
Provision for receivables	—	—	3	2
Net loss on sales of businesses and assets	—	4	1	75
Stock-based compensation	8	28	18	33
Restructuring and asset impairment charges	—	9	45	160
Payments for restructurings	(17)	(3)	(37)	(13)
Contributions to defined benefit pension plans	(1)	(2)	(4)	(6)
(Increase) decrease in accounts receivable	(27)	116	(140)	31
(Increase) decrease in other current and long-term assets	(1)	118	(70)	(73)
(Decrease) increase in accounts payable and accrued compensation	(15)	53	(154)	(45)
(Decrease) increase in other current and long-term liabilities	(74)	231	(164)	191
Net change in income tax assets and liabilities	132	(358)	80	(408)
Other operating, net	(1)	1	(1)	1
Net cash provided by (used in) operating activities	140	128	(38)	5
Cash Flows from Investing Activities:				
Cost of additions to land, buildings and equipment	(31)	(25)	(86)	(131)
Proceeds from sales of land, buildings and equipment	—	—	—	1
Cost of additions to internal use software	(11)	(7)	(31)	(20)
Proceeds from sale of businesses	—	6	(53)	939
Acquisitions, net of cash acquired	(1)	(153)	(1)	(195)
Net proceeds (payments) on related party notes receivable	43	(23)	43	(24)
Other investing	(1)	(1)	(1)	—
Net cash (used in) provided by investing activities	(1)	(203)	(129)	570
Cash Flows from Financing Activities:				
Net proceeds on debt	2	2	6	30
Net payments on debt	(6)	(7)	(18)	(287)
Net proceeds (payments) on related party notes payable	1	45	(26)	16
Net transfers (to) from parent	(146)	35	216	(324)
Excess tax benefits from stock-based compensation	—	1	—	3
Other financing	—	—	(1)	(1)
Net cash (used in) provided by financing activities	(149)	76	177	(563)
Effect of exchange rate changes on cash and cash equivalents	(2)	(4)	(2)	(8)
(Decrease) increase in cash and cash equivalents	(12)	(3)	8	4

Cash and cash equivalents at beginning of period	160	166	140	159
Cash and Cash Equivalents at End of Period	$ 148	$ 163	$ 148	$ 163

The accompanying notes are an integral part of these Condensed Combined Financial Statements.

BUSINESS PROCESS OUTSOURCING BUSINESS OF XEROX CORPORATION
NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (UNAUDITED)
(in millions, except where otherwise noted)

Note 1 – Basis of Presentation

The Proposed Transaction

On January 29, 2016, Xerox Corporation (Xerox or Parent) announced plans for the complete legal and structural separation ("Spin-Off") of the businesses constituting Xerox's Business Processing Outsourcing business and related operations (the "BPS Business") from Xerox. To effect the separation, Xerox will first undertake a series of internal transactions, following which Conduent Incorporated ("Conduent") will hold, directly or through its subsidiaries, the BPS Business. The separation will be completed by way of a pro rata distribution of Conduent Incorporated shares held by Xerox to Xerox's shareholders. The Spin-Off will be completed by way of a pro rata dividend on December 31, 2016 of shares of Conduent common stock held by Xerox to its shareholders as outstanding shares of common stock of Conduent and Conduent will operate as an independent publicly-traded company.

In these Condensed Combined Financial Statements, unless the context otherwise requires:

- "We," "our" and "us" refer to Xerox's Business Processing Outsourcing business and related operations, and
- "Spin-Off" refers to the transaction in which we will be separated from Xerox.

Completion of the Spin-Off is subject to the satisfaction or waiver of a number of conditions. In addition, Xerox has the right not to complete the Spin-Off if, at any time, Xerox’s board of directors determines, in its sole and absolute discretion, that the Spin-Off is not in the best interest of Xerox or its shareholders, or is otherwise not advisable.

Basis of Presentation and Principles of Combination

The Condensed Combined Financial Statements of the BPS Business have been derived from the Consolidated Financial Statements and accounting records of Xerox as if the BPS Business operated on a standalone basis during the periods presented and were prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and pursuant to the rules and regulations of the SEC. Historically, the BPS Business consisted of the Business Processing Outsourcing Operating segment within Xerox's reportable Services segment and did not operate as a separate, standalone company. Accordingly, its financial position and the related results of operations, cash flows and changes in equity have been reported in Xerox's Consolidated Financial Statements.

We have prepared the unaudited Condensed Combined Financial Statements in accordance with the accounting policies described in our audited 2015 Combined Financial Statements, contained in the Company's Registration Statement on Form 10 filed with the SEC, on June 30, 2016, as amended and the interim reporting requirements of U.S. GAAP. Accordingly, certain information and note disclosures normally included in our annual combined financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. You should read these Condensed Combined Financial Statements in conjunction with the 2015 Combined Financial Statements contained in our Registration Statement on Form 10. In the opinion of management, all adjustments which are necessary for a fair statement of financial position, operating results and cash flows for the interim periods presented have been made. These adjustments consist of normal recurring items. Interim results of operations are not necessarily indicative of the results of the full year.

As the separate legal entities and divisions that make up the BPS Business were not historically held by a single legal entity, Total Net Parent Equity is shown in lieu of shareholder's equity in these Condensed Combined Financial Statements. Balances between the BPS Business and Xerox that were not historically settled in cash are included in Net Parent Investment. Net Parent Investment represents Xerox's interest in the recorded assets of the BPS Business and represents the cumulative investment by Xerox in the BPS Business through the dates presented, inclusive of operating results.

The Condensed Combined Financial Statements include the historical basis of assets, liabilities, revenues, and expenses of the individual businesses of Xerox's historical BPS Business including the joint ventures and partnerships over which the BPS Business has a controlling financial interest. The BPS Business uses the equity method to account for investments in business entities that it does not control if it is otherwise able to exercise significant influence over the entities operating and financial policies (generally 20% to 50% ownership). The Condensed Combined Financial Statements include certain assets and liabilities that are held by Xerox that are

specifically identifiable or otherwise attributable to the BPS Business. All intercompany transactions and balances within the BPS Business have been eliminated.

Cash is managed centrally through bank accounts controlled and maintained by Xerox. Accordingly, cash and cash equivalents held by Xerox at the corporate level were not attributable to the BPS Business for any of the periods presented. Only cash amounts specifically attributable to the BPS Business are reflected in the Condensed Combined Balance Sheets. Transfers of cash, both to and from Xerox's centralized cash management system, are reflected as a component of Net Parent Investment in the Condensed Combined Balance Sheets and as a financing activity on the accompanying Condensed Combined Statements of Cash Flows. Historically, the BPS Business received or provided funding as part of Xerox's centralized treasury program.

Third-party debt obligations of Xerox and the corresponding financing costs related to those debt obligations, specifically those that relate to senior notes, term loans, commercial paper obligations and revolving credit facilities, have not been attributed to the BPS Business, as the BPS Business was not the legal obligor on the debt. The only third-party debt obligations included in these Condensed Combined Financial Statements are those for which the legal obligor is a legal entity within the BPS Business.

During the periods presented, the BPS Business functioned as part of the larger group of companies controlled by Xerox. Accordingly, Xerox performed certain corporate overhead functions for the BPS Business. Therefore, certain corporate costs, including compensation costs for corporate employees supporting the BPS Business, have been allocated from Xerox. These allocated costs are for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services, which are not provided at the BPS Business level. Where possible, these costs were allocated based on direct usage, with the remainder allocated on a basis of cost, headcount, or other measures we have determined as reasonable. The Condensed Combined Financial Statements do not necessarily include all the expenses that would have been incurred or held by the BPS Business had it been a separate, standalone company. We expect to incur additional expenses, as well as gain incremental productivity as a separate, standalone publicly-traded company. It is not practicable to estimate actual costs that would have been incurred had the BPS Business been a separate standalone company during the periods presented. Allocations for management costs and corporate support services provided to the BPS Business totaled $41 and $125 for the three and nine months ended September 30, 2016, respectively, and $40 and $127 for the three and nine months ended September 30, 2015, respectively.

The management of the BPS Business believes the assumptions underlying the Condensed Combined Financial Statements, including the assumptions regarding the allocated expenses, reasonably reflect the utilization of services provided to or the benefit received by the BPS Business during the periods presented. Nevertheless, the Condensed Combined Financial Statements may not be indicative of the BPS Business's future performance, and do not necessarily include all of the actual expenses that would have been incurred by the BPS Business and may not reflect the results of operations, financial position, and cash flows of the BPS Business had the BPS Business been a separate, standalone company during the periods presented.

Operations of the BPS Business are included in the consolidated U.S. federal, and certain state and local and foreign income tax returns filed by Xerox, where applicable. The BPS Business also files certain separate state and local and foreign income tax returns. Income tax expense and other income tax related information contained in the Condensed Combined Financial Statements are presented on a separate return basis as if the BPS Business filed its own tax returns. The income taxes of the BPS Business, as presented in the Condensed Combined Financial Statements, may not be indicative of the income taxes that the BPS Business will generate in the future. In jurisdictions where the BPS Business has been included in the tax returns filed by Xerox, any income taxes payable resulting from the related income tax provisions have been reflected in the balance sheet within "Net Parent Investment."

For convenience and ease of reference, we refer to the financial statement caption “Income (Loss) before Income Taxes” as “pre-tax income (loss)” throughout the Notes to the Condensed Combined Financial Statements.

During the 2016 second quarter closing process, we determined that the first quarter 2016 income tax benefit of $25 should have been $6 higher. This additional income tax benefit was adjusted for and included in the six month results ended June 30, 2016 and the nine month results ended September 30, 2016. We will revise the first quarter 2016 results in future filings to reflect this adjustment. The Company concluded that this item was not material to the condensed combined financial statements for the three months ended March 31, 2016.

Note 2 – Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued **ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)***, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for our fiscal year beginning January 1, 2018, with early adoption permitted for fiscal years beginning January 1, 2017. The standard will be adopted using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (ii) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined per ASU 2014-09. In March 2016, the FASB issued ASU 2016-08, Revenue Recognition - Principal versus Agent (reporting revenue gross versus net). Also, in April 2016, the FASB issued ASU 2016-10 Revenue from Contracts with Customers - Identifying Performance Obligations and Licensing, and in May 2016, the FASB issued ASU 2016-12 Revenue Recognition - Narrow Scope Improvements and Practical Expedients. We will adopt this standard beginning January 1, 2018, and we will use the modified retrospective method. We continue to evaluate the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements.

Leases

In February 2016, the FASB issued **ASU 2016-02**, ***Leases***. This update requires the recognition of leased assets and lease obligations by lessees for those leases currently classified as operating leases under existing lease guidance. Short term leases with a term of 12 months or less are not required to be recognized. The update also requires disclosure of key information about leasing arrangements to increase transparency and comparability among organizations. The accounting for lessors does not fundamentally change except for changes to conform and align guidance to the lessee guidance as well as to the new revenue recognition guidance in ASU 2014-09. This update is effective for our fiscal year beginning January 1, 2019. We are currently evaluating the impact of the adoption of ASU 2016-02 on our consolidated financial statements.

Cash Flows

In August 2016, the FASB issued **ASU 2016-15**, **Statement of Cash Flows** - *Classification of Certain Cash Receipts and Cash Payments.* This update provides specific guidance on eight cash flow classification issues where current GAAP is either unclear or does not include specific guidance. This update is effective for our fiscal year beginning January 1, 2018 with early adoption permitted. This update is not expected to have a material impact on our financial condition, results of operations or cash flows.

Stock Compensation

In March 2016, the FASB issued **ASU 2016-09, *Compensation*** - *Stock Compensation, Improvements to Employee Share-Based payment Accounting (Topic 718).* This update includes provisions to simplify certain aspects related to the accounting for share-based awards and the related financial statement presentation. The update also requires that excess tax benefits and deficiencies be recorded in the income statement when the awards vest or are settled as compared to equity as allowed under certain conditions by current US GAAP. This change is required to be adopted prospectively in the period of adoption. In addition, the ASU modifies the classification of certain share-based payment activities within the statements of cash flows and these changes are required to be applied retrospectively to all periods presented. ASU 2016-09 is effective for our fiscal year beginning January 1, 2017. The adoption of ASU No. 2016-09 is not expected to have a material impact on our financial condition, results of operations or cash flows. However, the update may add volatility to our income tax expense in future periods depending upon, among other things, the level of tax expense and the price of the Company's common stock at the date of vesting for share-based awards.

Income Taxes

In October 2016, the FASB issued **ASU 2016-16, Income Taxes** - *Intra-Entity Transfers of Assets Other than Inventory.* This update requires recognition of the income-tax consequences of an intra-entity transfer of assets other than inventory. Under current GAAP, recognition of the income tax consequences for assets other than inventory could only occur upon sale to a third party. This update is effective for our fiscal year beginning January 1, 2018. We are currently evaluating the impact of the adoption of ASU 2016-16 on our consolidated financial statements.

Financial Instruments - Credit Losses

In June 2016, the FASB issued **ASU 2016-13, *Financial Instruments Credit Losses*** - *Measurement of Credit Losses on Financial Instruments,* which requires measurement and recognition of expected credit losses for financial assets. The update impacts financial assets and net investment in leases that are not accounted for at fair value through net income. This update is effective for our fiscal year beginning January 1, 2020, with early adoption permitted as of January 1, 2019. We are currently evaluating the impact of the adoption of ASU 2016-13 on our financial statements.

Equity Method Accounting

In March 2016, the FASB issued **ASU 2016-07, *Investments*** - *Equity Method and Joint Ventures (Topic 323), Simplifying the Transition to the Equity Method of Accounting*. This update eliminates the requirement that when an existing cost method investment qualifies for use of the equity method, an investor must restate its historical financial statements, as if the equity method had been used during all previous periods. Under the new guidance, at the point an investment qualifies for the equity method, any unrealized gain or loss in accumulated other comprehensive income(loss) ("AOCI") will be recognized through earnings. This update is effective for our fiscal year beginning January 1, 2017, with early adoption permitted. The adoption of this update is not expected to have a material impact on our financial condition, results of operations or cash flows.

Other Updates

In 2016 and 2015, the FASB also issued the following Accounting Standards Updates which are not expected to have a material impact on our financial condition, results of operations or cash flows. Those updates are as follows:

- ***Financial Instruments:*** **ASU 2016-01**, *Financial Instruments - Recognition and Measurement of Financial Instruments and Financial Liabilities,* which will be effective for our fiscal year beginning January 1, 2018.
- ***Inventory:*** **ASU 2015-11**, *Simplifying the Subsequent Measurement of Inventory,* which is effective for our fiscal year beginning January 1, 2017.
- ***Fair Value Measurements:*** **ASU 2015-07**, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which was effective for our fiscal year beginning January 1, 2016.
- ***Disclosures of Going Concern Uncertainties:*** **ASU 2014-15**, *Presentation of Financial Statements - Going Concern (Subtopic 205-40); Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which is effective for our fiscal year ending December 31, 2016.
- ***Stock Compensation:*** **ASU 2014-12**, *Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide that a Performance Target Could be Achieved after the Requisite Service Period,* which was effective for our fiscal year beginning January 1, 2016.

Note 3 – Segment Reporting

Our reportable segments correspond to how we organize and manage the business and are aligned to the industries in which our clients operate. All of our segments involve the delivery of business process services and include service arrangements where we manage a customer's business activity or process. We report our financial performance based on the following three primary reportable segments:

- Commercial Industries

- Healthcare
- Public Sector

Commercial Industries: Our Commercial Industries segment provides business process services and customized solutions to clients in a variety of industries (other than healthcare). Across the Commercial Industries segment, we deliver end-to-end business-to-business and business-to-customer services that enable our clients to optimize their

key processes. Our multi-industry competencies include customer care, human resource management and finance and accounting services. These services are complemented by innovative industry-specific services such as personalized product information for the automotive industry; digitized source-to-pay solutions for clients in the manufacturing industry; customer experience and marketing services for clients in the retail industry; mortgage and consumer loan processing for clients in the financial services industry and customized workforce learning solutions for clients in the aerospace industry.

Healthcare: Our Healthcare segment provides industry-centric business process services to clients across the healthcare industry, including providers, payers, employers, pharmaceutical and life science companies and government agencies. Through this segment we offer innovative services and subject matter expertise to clients. We strive to enable our healthcare clients to focus on improving the patient care experience, lowering total costs and enabling better long-term health outcomes.

Public Sector: Our Public Sector segment provides government-centric business process services to U.S. federal, state and local and foreign governments for transportation, public assistance, program administration, transaction processing and payment services.

Other: Other includes our Government Health Enterprise Medicaid Platform business, where we are limiting our focus to implementing and maintaining systems for our current Health Enterprise clients, and our Student Loan business, which is in run-off. Other also includes non-allocated corporate expenses as well as inter-segment eliminations.

Selected financial information for our reportable segments is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	Segment Revenue	Segment Profit (Loss)	Segment Revenue	Segment Profit (Loss)
2016				
Commercial Industries	$ 664	$ 21	$ 2,030	$ 44
Healthcare	397	38	1,277	112
Public Sector	443	59	1,290	163
Other	92	(21)	297	(74)
Total	$ 1,596	$ 97	$ 4,894	$ 245
2015				
Commercial Industries	$ 720	$ 14	$ 2,161	$ 51
Healthcare	422	32	1,293	113
Public Sector	429	51	1,283	145
Other [1]	—	(390)	195	(469)
Total	$ 1,571	$ (293)	$ 4,932	$ (160)

(1) Other includes a pre-tax charge of $389 associated with our third quarter 2015 decision to not fully complete the Health Enterprise implementations in California and Montana. The charge included a $116 reduction to revenues and $273 recorded to cost of outsourcing.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Reconciliation to Pre-tax Income (Loss)	2016	2015	2016	2015
Segment Profit (Loss)	$ 97	$ (293)	$ 245	$ (160)
Reconciling items:				
Amortization of intangible assets	(63)	(62)	(200)	(187)
Restructuring and related costs	(8)	(9)	(57)	(160)
Business transformation costs[1]	—	—	—	(3)
Related party interest	(10)	(14)	(30)	(50)

Separation costs[2]	(15)	—	(34)	—
Other	1	(12)	(10)	(22)
Pre-tax Profit (Loss)	$ 2	$ (390)	$ (86)	$ (582)

(1) Business transformation costs represent incremental costs incurred directly in support of our business transformation and restructuring
initiatives such as compensation costs for overlapping staff, consulting costs and training costs.

(2) Separation costs are expenses incurred in connection with Xerox's planned separation into two independent, publicly-traded companies. These costs are primarily for 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, such as those related to human resources, brand management, real estate and information management to the extent not capitalized. Refer to Note 1 - Basis of Presentation for additional information regarding Xerox's planned separation.

Note 4 – Divestitures

Information Technology Outsourcing (ITO)

In 2014, we announced an agreement to sell our ITO business to Atos SE ("Atos"). As a result of this agreement, we reported the ITO business as held for sale and a Discontinued Operation up through its date of sale, which was completed on June 30, 2015.

In February 2016, we reached an agreement with Atos on the final adjustments to the closing balance of net assets sold as well as the settlement of certain indemnification claims and recorded an additional pre-tax loss on the disposal in 2015 of $24 ($14 after-tax). This additional loss was recorded in the 2015 financial statements because the agreement with Atos was reached before the financial statements had been issued, accordingly no adjustment was required in 2016. In the first quarter 2016, we paid Atos approximately $52, representing a $28 adjustment to the final sales price as a result of this agreement and a payment of $24 due from closing. The payment is reflected in Investing cash flows as an adjustment of the sales proceeds.

Other Discontinued Operations

There were no Discontinued Operations for the nine months ended September 30, 2016.

Summarized financial information for our Discontinued Operations for the three and nine months ended September 30, 2015 was as follows:

	Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015		
	ITO	Other	Total	ITO	Other	Total
Revenues	$ —	$ —	$ —	$ 619	$ —	$ 619
Income from operations [1]	$ —	$ —	$ —	$ 104	$ —	$ 104
Loss on disposal	(5)	—	(5)	(77)	—	(77)
Net (loss) income before income taxes	(5)	—	(5)	27	—	27
Income tax benefit (expense)	2	—	2	(91)	—	(91)
Loss From Discontinued Operations, Net of Tax	$ (3)	$ —	$ (3)	$ (64)	$ —	$ (64)

(1) ITO Income from operations excludes depreciation and amortization expenses of approximately $80 (including $14 of intangible amortization) for the nine months ended September 30, 2015, since the business was held for sale.

Note 5 – Accounts Receivable, Net

Accounts receivable, net were as follows:

	September 30, 2016	December 31, 2015
Amounts billed or billable	$ 1,067	$ 963
Unbilled amounts	360	289
Allowance for doubtful accounts	(7)	(6)
Accounts Receivable, Net	$ 1,420	$ 1,246

Unbilled amounts include amounts associated with percentage-of-completion accounting and other earned revenues not currently billable due to contractual provisions. Amounts to be invoiced in the subsequent month

for current services provided are included in amounts billable, and at September 30, 2016 and December 31, 2015 were approximately $464 and $443, respectively.

We perform ongoing credit evaluations of our customers and adjust credit limits based upon customer payment history and current creditworthiness. The allowance for uncollectible accounts receivables is determined principally on the basis of past collection experience, as well as consideration of current economic conditions and changes in our customer collection trends.

Accounts Receivable Sales Arrangements

Accounts receivable sales arrangements are utilized in the normal course of business as part of our cash and liquidity management. We have facilities in the U.S. and Europe that enable us to sell certain accounts receivable without recourse to third-parties. The accounts receivables sold are generally short-term trade receivables with payment due dates of less than 60 days. Our arrangements involve the sale of our entire interest in groups of accounts receivable for cash.

Under the agreements, we continue to service the sold accounts receivable. A servicing liability is recorded for the estimated fair value of the servicing. The amounts associated with the servicing liability were not material.

Of the accounts receivables sold and derecognized from our balance sheet, $63 and $136 remained uncollected as of September 30, 2016 and December 31, 2015, respectively. Accounts receivable sales were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Accounts receivable sales	$ 74	$ 60	$ 228	$ 179
Estimated Increase (decrease) to operating cash flows[1]	(1)	1	(73)	(19)

(1) Represents the difference between current and prior period receivable sales adjusted for the effects of: (i) the deferred proceeds, (ii) collections prior to the end of the quarter and, (iii) currency.

Note 6 – Restructuring Programs and Related Costs

During the nine months ended September 30, 2016, we recorded net restructuring and asset impairment charges of $45, which included approximately $52 of severance costs related to headcount reductions of approximately 3,300 employees worldwide, $2 of lease cancellation costs and $2 of asset impairments. These costs were offset by $11 of net reversals, primarily resulting from changes in estimated reserves from prior period initiatives. We also recorded $8 and $12 of costs during the three and nine months ended September 30, 2016, respectively, primarily related to professional support services associated with the implementation of the strategic transformation program.

Information related to restructuring program activity during the nine months ended September 30, 2016 is outlined below:

	Severance and Related Costs	Lease Cancellation and Other Costs	Asset Impairments[2]	Total
Balance at December 31, 2015	$ 4	$ —	$ —	$ 4
Provision	52	2	2	56
Reversals	(11)	—	—	(11)
Net Current Period Charges[1]	41	2	2	45
Charges against reserve and currency	(36)	(1)	(2)	(39)
Balance at September 30, 2016	$ 9	$ 1	$ —	$ 10

(1) Represents net amount recognized within the Condensed Combined Statements of Income for the period shown.
(2) Charges associated with asset impairments represent the write-down of the related assets to their new cost basis and are recorded concurrently with the recognition of the provision.

Reconciliation to the Condensed Combined Statements of Cash Flows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Charges against reserve	$ (17)	$ (149)	$ (39)	$ (159)
Asset impairments	—	146	2	146
Restructuring Cash Payments	$ (17)	$ (3)	$ (37)	$ (13)

The following table summarizes the total amount of costs incurred in connection with these restructuring programs by segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Commercial Industries	$ (3)	$ 4	$ 25	$ 8
Healthcare	—	3	12	4
Public Sector	(1)	2	5	2
Other	4	—	3	146
Total Net Restructuring Charges	$ —	$ 9	$ 45	$ 160

Note 7 – Financial Instruments

Foreign Exchange Risk Management

We are a global company that is exposed to foreign currency exchange rate fluctuations in the normal course of our business. As a part of our foreign exchange risk management strategy, we use derivative instruments, primarily forward contracts, to hedge the following foreign currency exposures, thereby reducing volatility of earnings or protecting fair values of assets and liabilities:

- Foreign currency-denominated assets and liabilities
- Forecasted purchases and sales in foreign currency

Summary of Foreign Exchange Hedging Positions

At September 30, 2016, we had outstanding forward exchange contracts with gross notional values of $176, which is typical of the amounts that are normally outstanding at any point during the year. Approximately 68% of these contracts mature within three months, 12% in three to six months, 15% in six to 12 months and 5% in greater than 12 months.

Included in the $176 Gross Notional Value is $61 of derivatives where a Xerox related party is the counterparty. These related party derivatives are all entered into based on prevailing market terms and accounted for as if they were third-party derivatives. These derivatives had a net fair value of less than $1 at September 30, 2016.

Foreign Currency Cash Flow Hedges

We designate a portion of our foreign currency derivative contracts as cash flow hedges of our foreign currency-denominated expenses. The net liability fair value of these contracts were $1 and $3 as of September 30, 2016 and December 31, 2015, respectively.

Summary of Derivative Instruments Fair Value

The following table provides a summary of the fair value amounts of our derivative instruments:

Designation of Derivatives	Balance Sheet Location	September 30, 2016	December 31, 2015
Derivatives Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 1	$ —
	Other current liabilities	(2)	(3)
	Net Designated Derivative Liability	$ (1)	$ (3)
Derivatives NOT Designated as Hedging Instruments			
Foreign exchange contracts – forwards	Other current assets	$ 1	$ —
	Other current liabilities	(2)	—
	Net Undesignated Derivative Liability	$ (1)	$ —
Summary of Derivatives	Total Derivative Assets	$ 2	$ —
	Total Derivative Liabilities	(4)	(3)
	Net Derivative Liability	$ (2)	$ (3)

Summary of Derivative Instruments Gains (Losses)

Derivative gains (losses) affect the income statement based on whether such derivatives are designated as hedges of underlying exposures. The following is a summary of derivative gains (losses).

Designated Cash Flow Derivative Instruments Gains (Losses)

The following table provides a summary of gains (losses) on derivative instruments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Cash Flow Hedges - Foreign Exchange Forward Contracts and Options				
Derivative loss recognized in OCI (effective portion)	$ (1)	$ (3)	$ —	$ (3)
Derivative loss reclassified from AOCI to income - Cost of outsourcing (effective portion)	(1)	(1)	(2)	(3)

During the nine months ended September 30, 2016 and 2015, no amount of ineffectiveness was recorded in earnings for these designated cash flow hedges and all components of each derivative's gain (loss) was included in the assessment of hedge effectiveness. In addition, no amount was recorded for an underlying exposure that did not occur or was not expected to occur.

At September 30, 2016, net after-tax losses of $1 were recorded in accumulated other comprehensive loss associated with our cash flow hedging activity. The entire balance is expected to be reclassified into net income within the next 12 months, providing an offsetting economic impact against the underlying anticipated transactions.

Non-Designated Derivative Instruments Gains (Losses)

Non-designated derivative instruments are primarily instruments used to hedge foreign currency-denominated assets and liabilities. They are not designated as hedges since there is a natural offset for the re-measurement of the underlying foreign currency-denominated asset or liability.

The following table provides a summary of losses on non-designated derivative instruments:

Derivatives NOT Designated as Hedging Instruments	Location of Derivative Loss	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Foreign exchange contracts – forwards	Other expense – Currency loss, net	$ (1)	$ (2)	$ (1)	$ (3)

Net currency gains and losses are included in Other expenses, net and include the mark-to-market adjustments of the derivatives not designated as hedging instruments and the related cost of those derivatives as well as the re-measurement of foreign currency-denominated assets and liabilities. For the three months ended September 30, 2016 and 2015, currency gains (losses), net were $1 and $(1), respectively, and for the nine months ended September 30, 2016 and 2015, currency gains (losses), net were $3, and $(3), respectively.

Note 8 – Fair Value of Financial Assets and Liabilities

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases is Level 2 – Significant Other Observable Inputs.

	September 30, 2016	December 31, 2015
Assets:		
Foreign exchange contracts - forwards	$ 2	$ —
Deferred compensation investments in cash surrender life insurance	96	92
Deferred compensation investments in mutual funds	21	21
Total	$ 119	$ 113
Liabilities:		
Foreign exchange contracts - forwards	$ 4	$ 3
Deferred compensation plan liabilities	110	110
Total	$ 114	$ 113

We utilize the income approach to measure the fair value for our derivative assets and liabilities. The income approach uses pricing models that rely on market observable inputs such as yield curves, currency exchange rates and forward prices, and therefore are classified as Level 2.

Fair value for our deferred compensation plan investments in Company-owned life insurance is reflected at cash surrender value. Fair value for our deferred compensation plan investments in mutual funds is based on quoted market prices for actively traded investments similar to those held by the plan. Fair value for deferred compensation plan liabilities is based on the fair value of investments corresponding to employees' investment selections, based on quoted prices for similar assets in actively traded markets.

Summary of Other Financial Assets and Liabilities Not Measured at Fair Value on a Recurring Basis

The estimated fair values of our other financial assets and liabilities not measured at fair value on a recurring basis were as follows:

	September 30, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 148	$ 148	$ 140	$ 140
Accounts receivable, net	1,420	1,420	1,246	1,246
Short-term debt	22	22	24	24
Long-term debt	26	26	37	37

The fair value amounts for Cash and cash equivalents and Accounts receivable, net, approximate carrying amounts due to the short maturities of these instruments. The fair value of Short and Long-term debt was estimated based on the current rates offered to us for debt of similar maturities (Level 2).

Note 9 – Employee Benefit Plans

The components of Net periodic benefit cost and other changes in plan assets and benefit obligations were as follows:

	Three Months Ended September 30,			
	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
Components of Net Periodic Benefit Costs:	2016	2015	2016	2015
Service cost	$ —	$ —	$ —	$ 2
Interest cost	1	—	1	2
Expected return on plan assets	(1)	—	(2)	(3)
Recognized net actuarial loss	—	—	1	—
Defined Benefit Plans	—	—	—	1
Defined contribution plans	8	6	2	1
Net Periodic Benefit Cost	8	6	2	2
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Loss:				
Net actuarial gain	—	—	—	—
Amortization of net actuarial loss	—	—	(1)	—
Total Recognized in Other Comprehensive Loss	—	—	(1)	—
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Loss	$ 8	$ 6	$ 1	$ 2

	Nine Months Ended September 30,			
	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
Components of Net Periodic Benefit Costs:	2016	2015	2016	2015
Service cost	$ —	$ —	$ 1	$ 3
Interest cost	3	2	4	5
Expected return on plan assets	(3)	(2)	(6)	(7)
Recognized net actuarial loss	—	—	1	1
Defined Benefit Plans	—	—	—	2
Defined contribution plans	22	21	6	3
Net Periodic Benefit Cost	22	21	6	5
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Loss:				
Net actuarial loss	—	—	—	(2)
Amortization of net actuarial loss	—	—	(1)	(1)
Total Recognized in Other Comprehensive Loss	—	—	(1)	(3)
Total Recognized in Net Periodic Benefit Cost and Other Comprehensive Loss	$ 22	$ 21	$ 5	$ 2

Contributions

During the nine months ended September 30, 2016, we made cash contributions of $4 ($3 U.S. and $1 Non-U.S.) to our defined benefit pension plans. We presently anticipate additional cash contributions of $2 ($1 U.S. and $1 Non-U.S.) for total full-year cash contributions of approximately $6 ($4 U.S. and $2 Non-U.S.). In 2015, full-year cash contributions to our defined benefit pension plans were $8 ($4 U.S. and $4 Non-U.S.).

Note 10 - Other Comprehensive Loss

Other Comprehensive Loss is comprised of the following:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016		2015		2016		2015	
	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax	Pre-tax	Net of Tax
Translation Adjustments Losses	$ (10)	$ (10)	$ (28)	$ (28)	$ (25)	$ (25)	$ (47)	$ (47)
Unrealized (Losses) Gains:								
Changes in fair value of cash flow hedges - losses	(1)	—	(3)	(3)	—	—	(3)	(3)
Changes in cash flow hedges reclassed to earnings[1]	1	—	1	2	2	1	3	3
Net Unrealized (Losses) Gains	—	—	(2)	(1)	2	1	—	—
Defined Benefit Plans:								
Net actuarial gains	—	—	—	—	—	—	2	1
Actuarial loss amortization/settlement[2]	1	1	—	—	1	1	1	1
Other gains[3]	—	—	2	2	1	1	1	1
Changes in Defined Benefit Plans	1	1	2	2	2	2	4	3
Other Comprehensive Loss	$ (9)	$ (9)	$ (28)	$ (27)	$ (21)	$ (22)	$ (43)	$ (44)

(1) Reclassified to Cost of outsourcing. Refer to Note 7 - Financial Instruments for additional information regarding our cash flow hedges.
(2) Reclassified to Total Net Periodic Benefit Cost. Refer to Note 9 - Employee Benefit Plans for additional information.
(3) Primarily represents currency impact on cumulative amount of benefit plan net actuarial losses and prior service credits in AOCL.

Accumulated Other Comprehensive Loss (AOCL)

AOCL is comprised of the following:

	September 30, 2016	December 31, 2015
Cumulative translation adjustments	$ (172)	$ (147)
Other unrealized losses, net	—	(1)
Benefit plans net actuarial losses and prior service credits	(31)	(33)
Total Accumulated Other Comprehensive Loss	$ (203)	$ (181)

Note 11 – Contingencies and Litigation

As more fully discussed below, we are involved in a variety of claims, lawsuits, investigations and proceedings concerning: securities law; governmental entity contracting, servicing and procurement law; intellectual property law; environmental law; employment law; commercial and contracts law; the Employee Retirement Income Security Act (ERISA); and other laws and regulations. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. The Company believes it has recorded adequate provisions for any such matters and, as of September 30, 2016, it was not reasonably possible that a material

loss had been incurred in connection with such matters in excess of the amounts recognized in its financial statements.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and nonconsolidated affiliates when the BPS Business undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the BPS Business. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters, and other indemnifications. The

ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the BPS Business's combined financial position or liquidity. As of September 30, 2016, we have accrued our estimate of liability incurred under our indemnification arrangements and guarantees.

Litigation Against the BPS Business

State of Texas v. Xerox Corporation, Xerox State Healthcare, LLC, and ACS State Healthcare, LLC: On May 9, 2014, the State of Texas, via the Texas Office of Attorney General (the "State"), filed a lawsuit in the 53rd Judicial District Court of Travis County, Texas. The lawsuit alleges that Xerox Corporation, Xerox State Healthcare, LLC and ACS State Healthcare (collectively, the "Xerox Defendants") violated the Texas Medicaid Fraud Prevention Act in the administration of its contract with the Texas Department of Health and Human Services ("HHSC"). The State alleges that the Xerox Defendants made false representations of material facts regarding the processes, procedures, implementation and results regarding the prior authorization of orthodontic claims. The State seeks recovery of actual damages, two times the amount of any overpayments made as a result of unlawful acts, civil penalties, pre- and post-judgment interest and all costs and attorneys' fees. The State references the amount in controversy as exceeding hundreds of millions of dollars. The Xerox Defendants filed their Answer in June, 2014 denying all allegations. The Xerox Defendants will continue to vigorously defend themselves in this matter. We do not believe it is probable that we will incur a material loss in excess of the amount accrued for this matter. In the course of litigation, we periodically engage in discussions with plaintiff's counsel for possible resolution of the matter. Should developments cause a change in our determination as to an unfavorable outcome, or result in a final adverse judgment or settlement for a significant amount, there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in determination, judgment or settlement occurs.

Dennis Nasrawi v. Buck Consultants et al.: On October 8, 2009, plaintiffs filed a lawsuit in the Superior Court of California, Stanislaus County, and on November 24, 2009, the case was removed to the U.S. Court for the Eastern District of California, Fresno Division. Plaintiffs allege actuarial negligence against Buck Consultants, LLC ("Buck") for the use of faulty actuarial assumptions in connection with the 2007 actuarial valuation for the Stanislaus County Employees Retirement Association ("StanCERA"). Plaintiffs allege that the employer contribution rate adopted by StanCERA based on Buck's valuation was insufficient to fund the benefits promised by the County. On July 13, 2012, the Court entered its ruling that the plaintiffs lacked standing to sue in a representative capacity on behalf of all plan participants. The Court also ruled that plaintiffs had adequately pleaded their claim that Buck allegedly aided and abetted StanCERA in breaching its fiduciary duty. Plaintiffs then filed their Fifth Amended Complaint and added StanCERA to the litigation. Buck and StanCERA filed demurrers to the amended complaint. On September 13, 2012, the Court sustained both demurrers with prejudice, completely dismissing the matter and barring plaintiffs from refiling their claims. Plaintiffs appealed, and ultimately the California Court of Appeals (Sixth District) reversed the trial court's ruling and remanded the case back to the trial court. Buck entered into a stay agreement with plaintiffs that essentially postpones this litigation pending the outcome of parallel litigation between plaintiffs and StanCERA. Buck will continue to aggressively defend these lawsuits.

U.S. Equal Employment Opportunity Commission ("EEOC") v. Baltimore County, Maryland: On January 1, 2007, the EEOC filed suit against Baltimore County ("County") alleging that the County's employer pension plan is age discriminatory under the federal Age Discrimination in Employment Act ("ADEA") on the grounds that older employees were required to pay higher contributions to the plan than younger employees. Buck Consultants, LLC ("Buck") is not a party to the lawsuit, but Buck provided administrative services to the plan and the County has asserted indemnity rights against Buck in the event that liability is found. On October 17, 2012, the trial court issued summary judgment finding the plan discriminatory but leaving for trial the question of damages. This decision has been affirmed on appeal and the matter is back before the trial court for trial on all remaining fact issues and damages. On April 24, 2015, the County filed for leave to add Buck as a third party to the lawsuit between the County and the EEOC. Buck has filed opposition papers. On January 22,

2015, the County served Buck with a declaratory judgment lawsuit seeking an affirmative determination that Buck owes the County defense and indemnity in the EEOC's lawsuit against the County. Buck filed its motion to dismiss, which the court granted in part and dismissed the County's claim for indemnity. The court declined, at this time, to dismiss the County's claim related to Buck's alleged duty to defend. This case will now go forward to assess whether Buck owes a duty to defend the County in the action with the EEOC. Buck will continue to aggressively defend these matters.

Other Matters

On January 5, 2016, the Consumer Financial Protection Bureau (the "CFPB") notified Xerox Education Services, Inc. (XES) that, in accordance with the CFPB's discretionary Notice and Opportunity to Respond and Advise (NORA) process, the CFPB's Office of Enforcement is considering recommending that the CFPB take legal action against XES, alleging that XES violated the Consumer Financial Protection Act's prohibition of unfair practices. Should the CFPB commence an action, it may seek restitution, civil monetary penalties, injunctive relief, or other corrective action. The purpose of a NORA letter is to provide a party being investigated an opportunity to present its position to the CFPB before an enforcement action is recommended or commenced. This notice stems from an inquiry that commenced in 2014 when XES received and responded to a Civil Investigative Demand containing a broad request for information. During this process, XES self-disclosed to the Department of Education and the CFPB certain adjustments of which it had become aware that had not been timely made relating to its servicing of a small percentage of third-party student loans under outsourcing arrangements for various financial institutions. The CFPB and the Department of Education, as well as certain states' attorney general offices and other regulatory agencies, began similar reviews. XES has cooperated and continues to fully cooperate with all regulatory agencies, and XES has submitted its NORA response. We cannot provide assurance that the CFPB or another party will not ultimately commence a legal action against XES in this matter nor are we able to predict the likely outcome of the investigations into this matter. We could in future periods incur judgments or enter into settlements in connection with this matter and there could be a material adverse effect on our results of operations, cash flows and financial position in the period in which such change in judgment or settlement occurs.

Other Contingencies

Certain contracts, primarily in our Public Sector segment, require us to provide a surety bond or a letter of credit as a guarantee of performance. As of September 30, 2016, we had $655 of outstanding surety bonds used to secure our performance of contractual obligations with our clients, and we had $102 of outstanding letters of credit used to secure our performance of contractual obligations to our clients as well as other corporate obligations.

In general, we would only be liable for the amount of these guarantees in the event of default in our performance of our obligations under each contract; the probability of which we believe is remote. We believe we have sufficient capacity in the surety markets and liquidity from our cash flow and our various credit arrangements, including those with our Parent, to allow us to respond to future requests for proposals that require such credit support.

We have service arrangements where we service third-party student loans in the Federal Family Education Loan program (FFEL) on behalf of various financial institutions. We service these loans for investors under outsourcing arrangements and do not acquire any servicing rights that are transferable by us to a third-party. At September 30, 2016, we serviced a FFEL portfolio of approximately 1.6 million loans with an outstanding principal balance of approximately $24.1 billion. Some servicing agreements contain provisions that, under certain circumstances, require us to purchase the loans from the investor if the loan guaranty has been permanently terminated as a result of a loan default caused by our servicing error. If defaults caused by us are cured during an initial period, any obligation we may have to purchase these loans expires. Loans that we purchase may be subsequently cured, the guaranty reinstated and the loans repackaged for sale to third parties. We evaluate our exposure under our purchase obligations on defaulted loans and establish a reserve for potential losses, or default liability reserve, through a charge to the provision for loss on defaulted loans purchased. The reserve is evaluated periodically and adjusted based upon management's analysis of the historical performance of the defaulted loans. As of September 30, 2016, other current liabilities include reserves of approximately $4 for losses on defaulted loans purchased which we believe to be adequate. In addition to potential purchase obligations arising from servicing errors, various laws and regulations applicable to student loan borrowers could give rise to fines, penalties and other liabilities associated with loan servicing errors.

Note 12 – Changes in Parent Equity

	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Net Parent Equity
Balance at December 31, 2015	$ 5,343	$ (181)	$ 5,162
Net loss	(32)	—	(32)
Translation adjustments, net	—	(25)	(25)
Unrealized gains, net	—	1	1
Changes in defined benefit plans, net	—	2	2
Net transfers from parent	382	—	382
Balance at September 30, 2016	$ 5,693	$ (203)	$ 5,490
Balance at December 31, 2014	$ 5,540	$ (129)	$ 5,411
Net loss	(409)	—	(409)
Translation adjustments, net	—	(47)	(47)
Changes in defined benefit plans, net	—	3	3
Net transfers from parent	919	—	919
Balance at September 30, 2015	$ 6,050	$ (173)	$ 5,877

Note 13 – Related Party Transactions and Parent Company Investment

Allocation of Corporate Expenses

The Condensed Combined Statements of Income (Loss), Condensed Combined Statements of Comprehensive Loss and Condensed Combined Statements of Cash Flows include an allocation of general corporate expenses from Xerox. The financial information in these Condensed Combined Financial Statements does not necessarily include all the expenses that would have been incurred or held by the BPS Business had it been a separate, standalone company. It is not practicable to estimate actual costs that would have been incurred had the BPS Business been a standalone company during the periods presented. The management of the BPS Business considers these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, it. Allocations for management costs and corporate support services provided to the BPS Business for the three and nine months ended September 30, 2016 totaled $41 and $125, respectively and $40 and $127 for the three and nine months ended September 30, 2015, respectively. These amounts include costs for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services. Where possible, these costs were allocated based on direct usage, with the remainder allocated on a basis of costs, headcount or other measures we have determined as reasonable.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Research and development	$ 6	$ 10	$ 20	$ 32
Selling, administrative and general	35	30	105	95
Total Allocated Corporate Expenses	$ 41	$ 40	$ 125	$ 127

Net Parent Investment

Net Parent investment on the Condensed Combined Balance Sheets and in Note 12 represents Xerox's historical investment in the BPS Business, the net effect of transactions with, and allocations from Xerox, and the BPS Business's accumulated earnings. Net transfers to Xerox are included within Net Parent investment.

The components of Net transfers to Xerox and the reconciliation to the corresponding amount presented on the Condensed Combined Statements of Cash Flows were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Cash pooling and general financing activities	$ 86	$ (85)	$ 360	$ 275
Corporate cost allocations	41	40	125	127
Income taxes	(136)	193	(157)	244
Divestitures and acquisitions, net	1	147	54	(744)
Capitalization of related party notes payable	—	—	—	1,017
Total net transfers (to) from parent	(8)	295	382	919
Stock-based compensation	(8)	(28)	(18)	(33)
Capitalization of related party notes payable	—	—	—	(1,017)
Other, net	(130)	(232)	(148)	(193)
Total Net Transfers (To) From Parent per Condensed Combined Statements of Cash Flows	$ (146)	$ 35	$ 216	$ (324)

Related Party Receivables/Payables

Certain operating units of the BPS Business have various interest bearing notes under contractual agreements to and from Xerox and other related parties. The purpose of these notes is to provide funds for certain working capital or other capital and operating requirements of the business. Net interest expense on these notes with related party companies is recorded net in Related Party Interest in the Condensed Combined Statements of Income (Loss) and was $10 and $14 for the three months ended September 30, 2016 and 2015, respectively and $30 and $50 for the nine months ended September 30, 2016 and 2015, respectively. These notes have fixed interest rates that range from 1.0% to 8.0%. The balances are reported within current assets as Related party notes receivable and within current liabilities as Related party notes payable in the Condensed Combined Balance Sheets as the balances are expected to be settled as part of the separation transaction.

Related Party Revenue and Purchases

The BPS Business provides various services to Xerox including those related to human resource, accounting and finance and customer care, which are reported as Related party revenue in the Condensed Combined Statements of Income (Loss). The costs related to these services are reported as Related party cost of services in the Condensed Combined Statements of Income (Loss).

The BPS Business also leased equipment and received related services, supplies and parts from Xerox and Xerox subsidiaries in the amount of $4 and $5 for the three months ended September 30, 2016 and 2015, respectively and $15 and $18 for the nine months ended September 30, 2016 and 2015, respectively. The costs related to these services, supplies and parts are reported as Cost of outsourcing in the Condensed Combined Statements of Income (Loss).

Note 14 – Subsequent Event

The Condensed Combined Financial Statements of the BPS Business are derived from the Consolidated Financial Statements of Xerox Corporation, which issued its financial statements

for the three and nine months ended September 30, 2016 on November 3, 2016. Accordingly, the BPS Business has evaluated transactions or other events for consideration as recognized subsequent events in the financial statements through November 3, 2016. Additionally, the BPS Business has evaluated transactions and other events that occurred through the issuance of these Condensed Combined Financial Statements, November 10, 2016, for purposes of disclosure of unrecognized subsequent events.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our accompanying Condensed Combined Financial Statements and the notes thereto .This discussion 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. 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. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in the section of this Quarterly Report on Form 10-Q entitled "Forward-Looking Statements" and the sections of our Registration Statement on Form 10 entitled “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements.”

Introduction

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand the financial condition and results of operations of the BPS Business. MD&A is provided as a supplement to, and should be read in conjunction with, our accompanying Condensed Combined Financial Statements and the notes thereto. MD&A provides additional information about our operations, current developments, financial condition, cash flows and results of operations.

- *Overview*. This section provides a general description of our business, as well as recent developments we believe are important in understanding our results of operations and financial condition or in understanding anticipated future trends.
- *Results of Operations*. This section provides an analysis of our results of operations for the three and nine months ended September 30, 2016 and 2015.
- *Capital Resources and Liquidity*. This section provides a discussion of our current financial condition and an analysis of our cash flows for the nine months ended September 30, 2016 and 2015. This section also provides a discussion of our contractual obligations and commitments and off-balance sheet arrangements. Included in this section is a discussion of the amount of financial capacity available to fund our future commitments and ongoing operating activities.
- *Market Risk Management*. This section presents information about our market sensitive financial instruments and exposure to market risks as of September 30, 2016.

For purposes of this MD&A section, we use the terms "Conduent Incorporated," “Conduent,” “the Company,” “we,” “us” and “our” to refer to Xerox's business process outsourcing business and related operations. References in this MD&A section to “Xerox” refer to Xerox Corporation, collectively with its consolidated subsidiaries other than, for all periods following the Spin-Off, Conduent.

Overview

Spin-off Transaction

On January 29, 2016, Xerox announced plans for the complete legal and structural separation of the BPS Business from Xerox. To effect the separation, Xerox will complete the Internal Transactions described under “Certain Relationships and Related Party Transactions-Agreements with Xerox-Separation and Distribution Agreement”. Following the Internal Transactions, Conduent will hold the BPS Business. The Spin-Off will be completed by way of a pro rata dividend of Conduent shares held by Xerox to Xerox stockholders of record as of the Record Date. Following the Spin-Off, Xerox stockholders will own 100% of the outstanding shares of common stock of Conduent and Conduent will operate as an independent, publicly-traded company.

Currency Impact

To understand the trends in our business, we believe that it is helpful to analyze the impact of changes in the translation of foreign currencies into U.S. Dollars on revenue and expenses. We refer to this analysis as “currency impact” or “the impact from currency” or "constant currency". In 2016 and 2015, this impact is

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

Three and Nine Months ended September 30, 2016 Review

Total revenues for the three months ended September 30, 2016 of $1.6 billion increased 2% compared to prior-year period. On an adjusted[1] basis (described below), total revenues decreased 5% with minimal currency impact, as

growth in Public Sector was more than offset by declines in Commercial Industries and Healthcare. Operating margin for the three months ended September 30, 2016 of 6.1% improved 0.4-percentage points as compared to the prior-year period, reflecting cost and productivity improvements, including benefits from our strategic transformation program.

Total revenues for the nine months ended September 30, 2016 of $4.9 billion decreased 1% compared to prior-year period. On an adjusted[1] basis, total revenues decreased 3% with a 1-percentage point negative impact from currency, as growth in Public Sector more than offset by declines in Commercial Industries and Healthcare. Operating margin for the nine months ended September 30, 2016 of 5.0% improved 0.5-percentage points as compared to the prior-year period, reflecting cost and productivity improvements, including benefits from our strategic transformation program, as well as lower expenses from our determination to refocus our Government Healthcare business, especially our HE platform implementations.

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(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Financial Review

Basis of Presentation

The Condensed Combined Financial Statements of the BPS Business have been derived from the Consolidated Financial Statements and accounting records of Xerox as if the BPS Business operated on a standalone basis during the periods presented and were prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and pursuant to the rules and regulations of the SEC. Historically, the BPS Business consisted of the Business Processing Outsourcing Operating segment within Xerox's reportable Services segment and did not operate as a separate, standalone company. Accordingly, its financial position and the related results of operations, cash flows and changes in equity have been reported in Xerox's Consolidated Financial Statements.

We have prepared the unaudited Condensed Combined Financial Statements in accordance with the accounting policies described in our audited 2015 Combined Financial Statements, contained in the Company's Registration Statement on Form 10 filed with the SEC, on June 30, 2016, as amended and the interim reporting requirements of U.S. GAAP. Accordingly, certain information and note disclosures normally included in our annual combined financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. You should read these Condensed Combined Financial Statements in conjunction with the 2015 Combined Financial Statements contained in our Registration Statement on Form 10. In the opinion of management, all adjustments which are necessary for a fair statement of financial position, operating results and cash flows for the interim periods presented have been made. These adjustments consist of normal recurring items. Interim results of operations are not necessarily indicative of the results of the full year.

As the separate legal entities and divisions that make up the BPS Business were not historically held by a single legal entity, Total Net Parent Equity is shown in lieu of shareholder's equity in these Condensed Combined Financial Statements. Balances between the BPS Business and Xerox that were not historically settled in cash are included in Net Parent Investment. Net Parent Investment represents Xerox's interest in the recorded assets of the BPS Business and represents the cumulative investment by Xerox in the BPS Business through the dates presented, inclusive of operating results.

The Condensed Combined Financial Statements include the historical basis of assets, liabilities, revenues, and expenses of the individual businesses of Xerox's historical BPS Business including the joint ventures and partnerships over which the BPS Business has a controlling financial interest. The BPS Business uses the equity method to account for investments in business entities that it does not control if it is otherwise able to exercise significant influence over the entities operating and financial policies (generally 20% to 50% ownership). The Condensed Combined Financial Statements include certain assets and liabilities that are held by Xerox that are specifically identifiable or otherwise attributable to the BPS Business. All intercompany transactions and balances within the BPS Business have been eliminated.

Cash is managed centrally through bank accounts controlled and maintained by Xerox. Accordingly, cash and cash equivalents held by Xerox at the corporate level were not attributable to the BPS Business for any of the periods presented. Only cash amounts specifically attributable to the BPS Business are reflected in the Condensed Combined Balance Sheets. Transfers of cash, both to and from Xerox's centralized cash management system, are reflected as a component of Net Parent Investment in the Condensed Combined Balance Sheets and as a financing activity on the accompanying Condensed Combined Statements of Cash Flows. Historically, the BPS Business received or provided funding as part of Xerox's centralized treasury program.

Third-party debt obligations of Xerox and the corresponding financing costs related to those debt obligations, specifically those that relate to senior notes, term loans, commercial paper obligations and revolving credit facilities, have not been attributed to the BPS Business, as the BPS Business was not the legal obligor on the debt. The only third-party debt obligations included in these Condensed Combined Financial Statements are those for which the legal obligor is a legal entity within the BPS Business.

During the periods presented, the BPS Business functioned as part of the larger group of companies controlled by Xerox. Accordingly, Xerox performed certain corporate overhead functions for the BPS Business. Therefore, certain corporate costs, including compensation costs for corporate employees supporting the BPS Business, have been allocated from Xerox. These allocated costs are for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, marketing and communications, internal audit and other shared services, which are not provided at the business level. Where possible, these costs were allocated based on direct usage, with the remainder allocated on a basis of cost, headcount or other measures we have determined as reasonable. The Condensed Combined Financial Statements do not necessarily include all the expenses that would have been incurred or held by the BPS Business had it been a separate, standalone company. We expect to incur additional expenses as well as gain incremental productivity as a separate, standalone publicly-traded company. It is not practicable to estimate actual costs that would have been incurred had the BPS Business been a separate, standalone company during the periods presented. Allocations for management costs and corporate support services provided to the BPS Business totaled $41 million and $125 million for the three and nine months ended September 30, 2016, respectively, and $40 million and $127 million for the three and nine months ended September 30, 2015, respectively.

The management of the BPS Business believes the assumptions underlying the Condensed Combined Financial Statements, including the assumptions regarding the allocated expenses, reasonably reflect the utilization of services provided to or the benefit received by the BPS Business during the periods presented. Nevertheless, the Condensed Combined Financial Statements may not be indicative of the BPS Business's future performance, and do not necessarily include all of the actual expenses that would have been incurred by the BPS Business and may not reflect the results of operations, financial position, and cash flows of the BPS Business had the BPS Business been a separate, standalone company during the periods presented.

Operations of the BPS Business are included in the consolidated U.S. federal, and certain state and local and foreign income tax returns filed by Xerox, where applicable. The BPS Business also files certain separate state and local and foreign income tax returns. Income tax expense and other income tax related information contained in the Condensed Combined Financial Statements are presented on a separate return basis as if the BPS Business filed its own tax returns. The income taxes of the BPS Business, as presented in the Condensed Combined Financial Statements, may not be indicative of the income taxes that the BPS Business will generate in the future. In jurisdictions where the BPS Business has been included in the tax returns filed by Xerox, any income taxes payable resulting from the related income tax provisions have been reflected in the balance sheet within "Net Parent Investment."

For convenience and ease of reference, we refer to the financial statement caption “Income (Loss) before Income Taxes” as “pre-tax income (loss)” throughout the Notes to the Condensed Combined Financial Statements.

During the 2016 second quarter closing process, we determined that the first quarter 2016 income tax benefit of $25 should have been $6 higher. This additional income tax benefit was adjusted for in the second quarter of 2016 and included in the nine month results ended September 30, 2016. We will revise the first quarter 2016 results in future filings to reflect this adjustment. The Company concluded that this item was not material to the condensed combined financial statements for the three months ended March 31, 2016.

2015 Health Enterprise (HE) Charges

Prior year results include a pre-tax charge (HE charge) of $389 million ($237 million after-tax) associated with our third quarter 2015 decision to not fully complete the HE implementations in California and Montana. The charge included a $116 million reduction to revenues with the remaining $273 million recorded to costs of outsourcing.

The above developments followed the change in strategy in our Government Healthcare business announced in second quarter 2015 to focus our future HE platform implementations on current Medicaid customers and to discontinue investment in and sales of an integrated eligibility system. This change resulted in a pre-tax, non-cash software impairment charge of $146 million ($89 million after-tax).

As a result of the significant year-over-year impact of the HE charge and the software impairment charge on our reported revenues, earnings and key metrics, we are also comparing our current year results to adjusted prior year results, which exclude these charges. These adjusted results and comparisons are noted as "adjusted" in the discussion below.

Results of Operations

Revenue Results Summary

	Three Months Ended September 30,				Nine Months Ended September 30,			
(in millions)	2016	2015	% Change	CC % Change	2016	2015	% Change	CC % Change
Total Revenues	$ 1,596	$ 1,571	2 %	3 %	$ 4,894	$ 4,932	(1)%	(1)%
Adjusted Total Revenues[(1)]	$ 1,596	$ 1,687	(5)%	(5)%	$ 4,894	$ 5,048	(3)%	(2)%

CC - See "Non-GAAP Financial Measures" section for description of Constant Currency.
(1) See the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Total revenues for third quarter 2016 increased 2% compared to third quarter 2015. On an adjusted[1] basis, excluding the HE charge, total revenues decreased 5%, with minimal currency impact. Overall, non-U.S.

revenues represented just over 20% of total revenues (Pound Sterling-denominated revenues represented approximately 2% of total revenues).

The decline was driven by the run-off of the Student Loan business and our third quarter 2015 decision to not fully complete the HE platform implementations in California and Montana, which combined had approximately a 1.7-percentage point impact. In addition, revenues decreased due to lower volumes and lost business, particularly in Commercial Industries, as well as overall price declines that were consistent with prior-period trends. Partially

offsetting these declines were ramping new contracts, particularly in Public Sector, and moderating growth from acquisitions, primarily in Healthcare.

Total revenues for the nine months ended September 30, 2016 decreased 1% compared to the prior-year period. On an adjusted[1] basis, total revenues decreased 3%, with a 1-percentage point negative impact from currency. Overall non-U.S. revenues represented just over 20% of total revenues (Pound Sterling-denominated revenues represented approximately 2% of total revenues).

The decline was driven by the run-off of the Student Loan business and our third quarter 2015 decision to not fully complete the HE platform implementations in California and Montana, which combined had approximately a 1.3-percentage point impact. In addition, revenues decreased due to lower volumes and lost business, particularly in Commercial Industries, as well as overall price declines that were consistent with prior-period trends. Partially offsetting these declines were moderate growth from acquisitions and ramping new contracts, primarily in some areas of Healthcare and Public Sector.

(1) Refer to the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Costs, Expenses and Other Income

Summary of Key Financial Ratios

The following is a summary of key financial ratios used to assess our performance:

	Reported			Reported		
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	B/(W)	2016	2015	B/(W)
Total Gross Margin	16.8%	(7.1)%	23.9 pts.	16.1 %	8.1 %	8.0 pts.
R&D as a % of Revenue	0.4%	0.8 %	0.4 pts.	0.5 %	0.8 %	0.3 pts.
SAG as a % of Revenue	10.3%	10.8 %	0.5 pts.	10.6 %	10.6 %	— pts.
Pre-tax Income Margin	0.1%	(24.8)%	24.9 pts.	(1.8)%	(11.8)%	10.0 pts.
Operating Margin [1]	N/A	N/A	N/A	N/A	N/A	N/A

	Adjusted[2]			Adjusted[2]		
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	B/(W)	2016	2015	B/(W)
Total Gross Margin	16.8%	16.5%	0.3 pts.	16.1%	15.6%	0.5 pts.
R&D as a % of Revenue	0.4%	0.7%	0.3 pts.	0.5%	0.8%	0.3 pts.
SAG as a % of Revenue	10.3%	10.1%	(0.2) pts.	10.6%	10.3%	(0.3) pts.
Pre-tax Income Margin	N/A	N/A	N/A	N/A	N/A	N/A
Operating Margin [1]	6.1%	5.7%	0.4 pts.	5.0%	4.5%	0.5 pts.

(1) Refer to the Operating Income/Margin reconciliation table in the "Non-GAAP Financial Measures" section.
(2) Refer to the Key Financial Ratios Reconciliation table in the "Non-GAAP Financial Measures" section.

Pre-tax Income Margin

Pre-tax income margin for third quarter 2016 of 0.1% increased 24.9-percentage points as compared to third quarter 2015. The increase was primarily driven by the third quarter 2015 HE charge of $389 million partially offset by separation costs.

Pre-tax income margin for the nine months ended September 30, 2016 of (1.8)% increased 10.0-percentage points as compared to the prior year period. The increase was primarily driven by the second quarter 2015 $146 million software impairment charge and the third quarter 2015 HE charge of $389 million and was partially offset by higher 2016 restructuring and related costs as well as separation costs.

Pre-tax income margin includes the amortization of intangible assets, related party interest, net, other expenses, net, restructuring and related costs and separation costs, all of which are separately discussed in subsequent sections. Operating margin excludes these items.

Operating Margin

Operating margin[1] of 6.1% for third quarter 2016 increased by 0.4-percentage points as compared to third quarter 2015. The increase was primarily driven by an improvement in gross margin due to reduced costs in our HE platform implementations as well as more favorable line-of-business mix and greater cost productivity, including benefits from our strategic transformation program. These benefits were partially offset by increased expense, particularly in SAG, due to favorable prior-year compensation adjustments. As noted above, the BPS Business operating margin contains an allocation for management cost and corporate support services totaling $41 million and $40 million for the three months ended September 30, 2016 and 2015, respectively.

Operating margin[1] of 5.0% for the nine months ended September 30, 2016, increased 0.5-percentage points as compared to the prior year period. The increase was driven by an improvement in gross margin due to reduced costs in our HE platform implementations as well as more favorable line-of-business mix and greater cost productivity, including benefits from our strategic transformation program. As noted above, the BPS Business operating margin contains an allocation for management cost and corporate support services totaling $125 million and $127 million for the nine months ended September 30, 2016 and 2015, respectively.

(1) Refer to the Operating Income / Margin reconciliation table in the "Non-GAAP Financial Measures" section.

Gross Margin

Gross margin of 16.8% for third quarter 2016, increased 23.9-percentage points or 0.3-percentage points on an adjusted[1] basis as compared to third quarter 2015. The increase reflected restructuring and productivity improvements, benefits from lower expenses associated with our HE platform implementations (a result of decisions we made in 2015 to curtail this business) and favorable line-of-business mix. These benefits were partially offset by continued margin pressures in our customer care service offerings, lower profitability in our Student Loan business and price declines.

Gross margin of 16.1% for the nine months ended September 30, 2016, increased 8.0-percentage points or 0.5-percentage points on an adjusted[1] basis as compared to the prior year period. The increase reflected restructuring and productivity improvements, benefits from lower expenses associated with our HE platform implementations (a result of decisions we made in 2015 to curtail the Government HE Medicaid Platform business) and favorable line-of-business mix. These benefits were partially offset by continued margin pressures in our customer care service offerings, lower profitability in our Student Loan business and price declines.

Additional analysis of the change in gross margin for each business segment is included under "Operations Review of Segment Revenue and Profit" below.

(1) Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.

Research & Development Expenses (R&D)

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in millions)	2016	2015	Change	2016	2015	Change
Total R&D Expenses	$ 7	$ 12	$ (5)	$ 25	$ 39	$ (14)

R&D as a percentage of revenue of 0.4% decreased 0.4-percentage points or 0.3-percentage points on an adjusted[1] basis from third quarter 2015. The decrease was due primarily to lower R&D program spending and the benefits from ongoing restructuring.

R&D of $7 million decreased by $5 million compared to third quarter 2015.

R&D as a percentage of revenue of 0.5% for the nine months ended September 30, 2016 decreased 0.3-percentage points on an actual and adjusted[1] basis compared to the prior year period. The decrease was due primarily to lower R&D program spending and the benefits from ongoing restructuring.

R&D of $25 million for the nine months ended September 30, 2016, decreased by $14 million compared to the prior year period.

(1) *Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.*

Selling, Administrative and General Expenses (SAG)

SAG as a percentage of revenue of 10.3% decreased 0.5-percentage points from third quarter 2015. On an adjusted basis[1], SAG increased 0.2-percentage points, as benefits from restructuring and cost initiatives only partially offset the decline in total revenues and higher expenses due to favorable prior-year compensation adjustments.

SAG of $164 million was $6 million lower than the third quarter 2015 and reflected the following:

- $8 million decrease in selling expenses
- $2 million increase in general and administrative expenses

SAG as a percentage of revenue of 10.6% for the nine months ended September 30, 2016, was flat compared to the prior year period. On an adjusted[1] basis, SAG increased 0.3-percentage points, as benefits from restructuring and cost initiatives were offset by the decline in total revenues and higher expenses due to favorable prior-year compensation adjustments.

SAG of $517 million for the nine months ended September 30, 2016, was $5 million lower than from the prior year period and reflected the following:

- $9 million decrease in selling expenses
- $2 million increase in general and administrative expenses
- $2 million increase in bad debt expense

(1) *Refer to the Key Financial Ratios reconciliation table in the "Non-GAAP Financial Measures" section.*

Restructuring and Related Costs

Third quarter 2016 restructuring and related costs of $8 million primarily relate to professional support services associated with the implementation of the strategic transformation program.

During third quarter 2016, there was no impact to net restructuring and asset impairment charges as approximately $4 million of severance costs related to headcount reductions were offset by $4 million of net reversals, primarily resulting from changes in estimated reserves from prior-period initiatives.

During third quarter 2015, we recorded net restructuring and asset impairment charges of $9 million, which included approximately $11 million of severance costs related to headcount reductions of approximately 700 employees worldwide, partially offset by $2 million of net reversals for changes in estimated reserves from prior-period initiatives.

Restructuring and related costs of $57 million for the nine months ended September 30, 2016 includes restructuring and asset impairment charges of $45 million as well as $12 million of additional costs primarily related to professional support services associated with the implementation of the strategic transformation program.

During the nine months ended September 30, 2016, we recorded net restructuring and asset impairment charges of $45 million which include approximately $52 million of severance costs related to headcount reductions of approximately 3,300 employees worldwide, $2 million of lease cancellation costs and $2 million in asset impairments. These costs were partially offset by $11 million of net reversals for changes in estimated reserves.

During nine months ended September 30, 2015, we recorded net restructuring and asset impairment charges of $160 million which included $19 million of severance costs related to headcount reductions of approximately 1,160 employees worldwide and $1 million of lease cancellation costs, partially offset by $6 million of net reversals for changes in estimated reserves from prior-period initiatives. Asset impairments charges of $146 million were associated with software asset impairments resulting from the change in strategy in our Government Healthcare business, discussed above.

The restructuring reserve balance as of September 30, 2016 for all programs was $10 million, all of which is expected to be spent over the next twelve months.

Refer to Note 6 - Restructuring Programs, in the Condensed Combined Financial Statements for additional information regarding our restructuring programs.

Amortization of Intangible Assets

Third quarter 2016 amortization of intangible assets of $63 million increased $1 million compared to third quarter 2015.

Amortization of intangible assets of $200 million for the nine months ended September 30, 2016, increased $13 million compared to prior year period, primarily due to the accelerated amortization of a customer relationship asset in first quarter 2016 as a result of a lost contract.

Separation Costs

Separation costs are primarily for 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, such as those related to human resources, brand management, real estate and information management to the extent not capitalized. Separation costs also include the costs associated with bonuses and restricted stock grants awarded to employees for retention through the separation.

During the three and nine months ended September 30, 2016, we recorded separation costs of $15 million and $34 million, respectively, which exclude tax-related separation costs discussed below in Income Taxes.

Related-Party Interest Expense, Net

Related-party interest expense for third quarter 2016 of $10 million was $4 million lower compared to third quarter 2015, primarily due to the capitalization of certain related party notes payable in 2015 as a result of the proceeds received from the sale of the ITO business.

Related-party interest expense for the nine months ended September 30, 2016 of $30 million was $20 million lower than prior year primarily due to the capitalization of certain related party notes payable in 2015 as a result of the proceeds received from the sale of the ITO business.

Refer to Note 13 - Related Party Transactions and Parent Company Investment in the Condensed Combined Financial Statements for additional information regarding related-party interest expense, net.

Worldwide Employment

Worldwide employment was approximately 93,700 as of September 30, 2016 and decreased by 10,100 from December 31, 2015, due primarily to the impact of restructuring and productivity reductions as well as seasonal reductions, partially offset by additions from ramping new business.

Other Expenses, Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2016	2015	2016	2015
Third-party interest expense	$ 1	$ 1	$ 3	$ 7
Losses (gains) on sales of businesses and assets[1]	(2)	—	(1)	(1)
Currency (gains) losses, net	(1)	1	(3)	3
Litigation matters	4	6	15	10
Deferred compensation investment (gains) losses	(2)	5	(5)	1
All other expenses, net	(1)	(1)	1	2
Total Other Expenses, Net	$ (1)	$ 12	$ 10	$ 22

(1) Excludes the loss on sale of the ITO business reported in Discontinued Operations. Refer to Note 4 - Divestitures in the Condensed Combined Financial Statements for additional information.

Third-Party Interest Expense: Represents interest on senior notes and capital lease obligations.

Currency (Gains) Losses, Net: Currency (gains) losses primarily result from the re-measurement of foreign currency-denominated assets and liabilities, the cost of hedging foreign currency-denominated assets and liabilities and the mark-to-market of foreign exchange contracts utilized to hedge those foreign currency denominated assets and liabilities.

Litigation Matters: Litigation matters reflect probable losses and reserves for various legal matters.

Refer to Note 11 - Contingencies and Litigation, in the Condensed Combined Financial Statements for additional information regarding litigation against the Company.

Deferred Compensation Investment (Gains) Losses: Represents (gains) losses on investments supporting certain of our deferred compensation arrangements. These gains or losses are offset by an increase or decrease in compensation expense recorded in SAG as a result of the increase or decrease in the liability associated with these arrangements, respectively.

Income Taxes

Third quarter 2016 effective tax rate was 50.0%. This rate was higher than the U.S. statutory tax rate primarily as a result of pre-tax losses in the U.S. due to the following charges: Restructuring and related costs, Amortization of intangible assets and Separation costs, including tax-related separation costs discussed below in Income Taxes. The U.S. pre-tax losses are taxed at a higher rate than our foreign pre-tax income, which has the effect of increasing the overall effective tax rate above the statutory tax rate. On an adjusted[1] basis, third quarter 2016 effective tax rate was 39.8% which excludes the tax effects of the previously noted charges. This rate was higher than the U.S. statutory tax rate primarily due to the geographical mix of profits.

The nine months ended September 30, 2016 effective tax rate was 62.8%. This rate was higher than the U.S. statutory tax rate primarily as a result of pre-tax losses in the U.S. due to the following charges: Restructuring and related costs, Amortization of intangible assets and Separation costs, including tax-related separation costs discussed below in Income Taxes. The U.S. pre-tax losses are taxed at a higher rate than our foreign pre-tax income, which has the effect of increasing the overall effective tax rate above the statutory tax rate. On an adjusted[1] basis, the nine months ended September 30, 2016 effective tax rate, which excludes the tax effects of the previously noted charges, was 22.4%. This rate was lower than the U.S. statutory tax rate primarily due to the geographical mix of profits as well as the redetermination of certain unrecognized tax positions upon conclusion of several audits.

Third quarter 2015 effective tax rate was 39.5%. This rate was higher than the U.S. statutory tax rate primarily as a result of pre-tax losses in the U.S. due to the following charges: Restructuring and related costs, Amortization of intangible assets and the HE charge. The U.S. pre-tax losses are taxed at a higher rate than our foreign pre-tax income, which has the effect of increasing the overall effective tax rate above the statutory tax rate. On an adjusted[1] basis, third quarter 2015 effective tax rate was 35.7% which excludes the tax effects of the previously noted charges. This rate was higher than the U.S. statutory tax rate primarily due to the geographical mix of profits.

The nine months ended September 30, 2015 effective tax rate was 40.7%. This rate was higher than the U.S. statutory tax rate primarily as a result of pre-tax losses in the U.S. due to the following charges: Restructuring and related costs, Amortization of intangible assets and the HE charge. The U.S. pre-tax losses are taxed at a higher rate than our foreign pre-tax income, which has the effect of increasing the overall effective tax rate above the statutory tax rate. On an adjusted[1] basis, the nine months ended September 30, 2015 effective tax rate was 31.8%, which excludes the tax effects of the previously noted charges. This rate was lower than the U.S. statutory tax rate primarily due to the geographical mix of profits.

Tax-related Separation Costs

We recorded a deferred tax benefit/asset of $6 million on our separation costs for third quarter 2016 and $13 million for the 2016 year-to-date period. We estimate half of the year-to-date deferred tax asset will be eliminated at the time the separation is executed, as certain separation costs are expected to be non-deductible.

In connection with the Spin-Off, Xerox will undertake the Internal Transactions, which we expect to include internal reorganizations of, and transactions among, our wholly-owned subsidiaries and operating activities. Although we believe that, for the most part, the Internal Transactions can be completed in a tax-free manner, we do expect to incur incremental income tax expense associated with certain elements of the Internal Transactions. Accordingly, for year-to-date 2016, we recorded $10 million for the estimated income tax on the book/tax basis differences currently associated with our investments in certain subsidiaries that are expected to be impacted by the Internal Transactions. Upon the completion of the Spin-Off, we also expect to recognize

additional income tax expense in certain state and international jurisdictions primarily related to the change in realizability of certain deferred tax assets.

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(1) Refer to the Effective Tax Rate reconciliation table in the "Non-GAAP Financial Measures" section.

Net Income (Loss) from Continuing Operations

Third quarter 2016 income from continuing operations was $1 million. On an adjusted[1] basis, net income from continuing operations was $53 million reflecting the adjustments for the amortization of intangible assets, restructuring and related costs and separation costs.

Third quarter 2015 net loss from continuing operations was $236 million. On an adjusted[1] basis, net income from continuing operations was $45 million reflecting the adjustments for the amortization of intangible assets, restructuring charges and the HE charge.

Net loss from continuing operations for the nine months ended September 30, 2016 was $32 million. On an adjusted[1] basis, net income from continuing operations was $159 million reflecting the adjustments for the amortization of intangible assets, restructuring and related costs and separation costs.

Net loss from continuing operations for the nine months ended September 30, 2015 was $345 million. On an adjusted[1] basis, net income from continuing operations was $105 million reflecting the adjustments for the amortization of intangible assets, restructuring and related costs and the HE charge.

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(1) Refer to the "Non-GAAP Financial Measures" section for a reconciliation of reported net income from continuing operations to adjusted net income.

Discontinued Operations

There were no Discontinued Operations as of September 30, 2016.

Refer to Note 4 - Divestitures in the Condensed Combined Financial Statements for additional information regarding Discontinued Operations.

Other Comprehensive Loss

Third quarter 2016 Other comprehensive loss was $9 million as compared to a loss of $27 million in the third quarter 2015. The change of $18 million, is primarily due to a $18 million change from the translation of our foreign currency denominated net assets. The third quarter 2016 reflects translation losses of $10 million primarily as a result of the weakening of our major foreign currencies as compared to the U.S. Dollar at quarter-end spot rates. Third quarter 2015 reflects translation losses of $28 million primarily due to a significant weakening of those same foreign currencies against the U.S. dollar in the prior year.

Other comprehensive loss was $22 million for the nine months ended September 30, 2016, as compared to a loss of $44 million in prior year period. The change of $22 million, is primarily due to a $22 million change from the translation of our foreign currency denominated net assets. The nine months ended September 30, 2016 reflects translation losses of $25 million primarily as a result of the weakening of our major foreign currencies as compared to the U.S. Dollar at quarter-end spot rates. The nine months ended September 30, 2015 reflects translation losses of $47 million primarily due to a significant weakening of those same foreign currencies against the U.S. dollar in the prior year. Offsetting this change were net gains from changes in defined benefit plans of $2 million for the nine months ended September 30, 2016 as compared to net gains of $3 million in the prior year period.

Refer to Note 9 - Employee Benefit Plans in the Condensed Combined Financial Statements for additional information regarding net changes in defined benefit plans.

Operations Review of Segment Revenue and Profit

Our reportable segments correspond to how we organize and manage the business and are aligned to the industries in which our clients operate: Commercial Industries, Healthcare and Public Sector. Revenues by segment for the three months and nine months ended September 30 were as follows:

	Three Months Ended September 30,			
(in millions)	Total Revenue	% of Total Revenue	Segment Profit (Loss)	Segment Margin
2016				
Commercial Industries	$ 664	41%	$ 21	3.2 %
Healthcare	397	25%	38	9.6 %
Public Sector	443	28%	59	13.3 %
Other	92	6%	(21)	(22.8)%
Total	$ 1,596	100%	$ 97	6.1 %
2015				
Commercial Industries	$ 720	46%	$ 14	1.9 %
Healthcare	422	27%	32	7.6 %
Public Sector	429	27%	51	11.9 %
Other	—	—%	(390)	*
Total	$ 1,571	100%	$ (293)	(18.7)%
Adjusted:[1]				
Other	$ 116	7%	$ (1)	(0.9)%
Total	$ 1,687	N/A	$ 96	5.7 %

	Nine Months Ended September 30,			
(in millions)	Total Revenue	% of Total Revenue	Segment Profit (Loss)	Segment Margin
2016				
Commercial Industries	$ 2,030	42%	$ 44	2.2 %
Healthcare	1,277	26%	112	8.8 %
Public Sector	1,290	26%	163	12.6 %
Other	297	6%	(74)	(24.9)%
Total	$ 4,894	100%	$ 245	5.0 %
2015				
Commercial Industries	$ 2,161	44%	$ 51	2.4 %
Healthcare	1,293	26%	113	8.7 %
Public Sector	1,283	26%	145	11.3 %
Other	195	4%	(469)	*
Total	$ 4,932	100%	$ (160)	(3.2)%
Adjusted:[1]				
Other	$ 311	6%	$ (80)	(25.7)%
Total	$ 5,048	N/A	$ 229	4.5 %

* *Percent not meaningful.*

(1) *See the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.*

Commercial Industries Segment

Revenue

Commercial Industries revenue of $664 million for third quarter 2016 was 41% of total revenues and decreased 8% from third quarter 2015. The decline was driven by lost business, lower volumes and a reduced level of project work year-over-year as a result of fewer large cases in our litigation services offering, as well as negative impacts from currency. Partially offsetting the decline were benefits from ramping new contracts, primarily in our high-tech business area.

Commercial Industries revenue of $2,030 million for the nine months ended September 30, 2016, was 42% of total revenues and decreased 6% from the prior-year period. The decline was driven by lost business, lower volumes and a reduced project work year-over-year as a result of fewer large cases in our litigation services offering, as well as negative impacts from currency. Partially offsetting the decline were benefits from ramping new contracts, primarily in our high-tech business area.

Segment Margin

Commercial Industries segment margin of 3.2% for third quarter 2016, increased 1.3-percentage points from the prior-year period as benefits from strategic transformation cost initiatives more than offset margin pressure in our customer care services offering and reduced project work in our litigation services offering. During 2016 segment margin improved sequentially from 1.0% in first quarter to 2.4% in second quarter and to 3.2% in third quarter.

Commercial Industries segment margin of 2.2% for the nine months ended September 30, 2016, decreased 0.2-percentage points from the prior-year period primarily due to margin pressure in our customer care services offering and reduced project work in our litigation services offering only partially offset by cost and productivity benefits.

Commercial Industries has a higher proportion of multi-industry service offerings, particularly customer care that naturally has a lower margin, as opposed to higher-value, industry-specific service offerings. Accordingly, overall margins in this segment are expected to be below the margins of the Healthcare and Public Sector segments where industry-specific service offerings are more prominent. In addition, in 2015 we began to experience cost and productivity challenges in our customer care service offering which further pressured margins and which are being addressed by new customer care leadership through the strategic transformation program.

Healthcare Segment

Revenue

Healthcare revenue of $397 million for the third quarter of 2016, was 25% of total revenues and decreased 6% from third quarter 2015. The decline was driven by lost business and lower volumes including actions we have taken to improve profitability. These areas of decline were partially offset by ramping new business and moderating acquisition contribution.

Healthcare revenue of $1,277 million for the nine months ended September 30, 2016, was 26% of total revenues and decreased 1% from the prior-year period. The decline was driven by lost business and lower volumes including actions we have taken to improve profitability. These areas of decline were partially offset by ramping new business and moderate acquisition contribution.

Segment Margin

Healthcare segment margin of 9.6% for the third quarter 2016, increased 2.0-percentage points from third quarter 2015 primarily due to overall benefits from cost and productivity initiatives and from actions to improve profitability which more than offset margin pressures in our customer care service offering and the impacts of lost business and lower volumes. During 2016 segment margin improved sequentially from 8.0% in first quarter to 8.9% in second quarter to 9.6% in third quarter.

Healthcare segment margin of 8.8% for the nine months ended September 30, 2016, increased 0.1-percentage point from the prior year primarily due to overall benefits from cost and productivity initiatives and from actions to improve profitability which offset margin pressures in our customer care service offering and the impacts of lost business and lower volumes.

Public Sector Segment

Revenue

Public Sector revenue of $443 million for the third quarter 2016, was 28% of total revenues and increased 3% compared to third quarter 2015. Growth was primarily driven by ramping new contracts in our transportation offering.

Public Sector revenue of $1,290 million for the nine months ended September 30, 2016 was 26% of total revenues and increased 1% compared to the prior-year period as growth from ramping new business in transportation was partially offset by lower volumes and lost business in state government services.

Segment Margin

Public Sector segment margin of 13.3% for the third quarter 2016, increased 1.4-percentage points compared to the third quarter 2015, due to cost and productivity improvements and improved performance in transportation. During 2016 segment margin was 10.4% in first quarter, 14.1% in the second quarter and 13.3% in third quarter.

Public Sector segment margin of 12.6% for the nine months ended September 30, 2016, increased 1.3-percentage points from the prior year period, as overall benefits from cost and productivity initiatives and improved performance in transportation was partially offset by the impact of lost business in state government services.

Other

Revenue

Other revenue of $92 million for the third quarter 2016, was 6% of total revenues and decreased 21% on an adjusted[1] basis from third quarter 2015. The decline was driven by the run-off of the Student Loan business and our prior-year decision to not complete the HE implementations in California and Montana.

Other revenue of $297 million for the nine months ended September 30, 2016, was 6% of total revenues and decreased 5% on an adjusted[1] basis from the prior-year period. The decline was driven by the run-off of the Student Loan business and our prior-year decision to not complete the HE implementations in California and Montana partially offset by ramp of the New York HE platform implementation contract.

Other Loss

Other loss of $21 million improved $369 million from third quarter 2015. On an adjusted[1] basis, Other loss increased $20 million primarily due to lower profitability in the Student Loan business.

Other loss of $74 million for the nine months ended September 30, 2016, improved $395 million from the prior-year period. On an adjusted[1] basis, Other loss decreased $6 million driven by improvements in HE platform implementation expenses resulting from the refocusing of our Government Healthcare business in 2015 and the decision to not fully complete the HE platform implementations in California and Montana, which more than offset lower profitability in the Student Loan business.

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(1) See the "Non-GAAP Financial Measures" section for an explanation of the non-GAAP financial measure.

Commercial Services Goodwill

As disclosed in our 2016 Form 10, the fair value of the Commercial Services reporting unit (which has approximately $1.9 billion of goodwill) exceeded its carrying value by approximately 17%. During the nine-month period ended September 30, 2016, revenues and operating profits for our Commercial Services reporting unit decreased by 7% and 3%, respectively, as compared to the prior year. Although we continue to focus on profitable revenue growth and cost improvements in this business; depending on the duration of this

trend and our ability to manage through it, there is a possibility that certain assumptions and estimates, including cash flow projections, used for the upcoming fourth quarter 2016 annual goodwill impairment analysis for this reporting unit could be unfavorably impacted. The Company intends to complete its goodwill impairment analysis for all reporting units during the fourth quarter 2016.

Government Healthcare

Our HE platform is performing to contractual standards in the states where it has been fully implemented, which include New Hampshire, Alaska and North Dakota. New Hampshire was certified by the Center for Medicare and Medicaid Services in June 2015, and we are currently in the process of getting our Alaska HE implementation certified and in the planning phase of North Dakota certification. We continue to strengthen and improve our platform development and systems integration capabilities with additional resources and enhanced program management and quality control practices.

Due to a number of factors, development work to implement the HE platform in New York has been elongated beyond the current contractual schedule resulting in, among other things, increased delivery costs, which we have considered in our estimates of revenues and costs under the percentage-of-completion accounting methodology.

We continue to work with New York to address new regulatory requirements, policy changes and enhanced security protocols, which are expected to further lengthen the schedule and may result in material increases in future costs to complete. We are seeking to mitigate these impacts through a combination of operational actions as well as by working with New York to pursue an amendment to the contract that will revise the project schedule and increase the reimbursement we receive.

Metrics

Signings

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value (TCV) is the estimated total contractual revenue related to signed contracts.

Signings were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in billions)	2016	2015	2016	2015
Total Signings	$ 1.5	$ 1.3	$ 5.3	$ 5.5

Signings were an estimated $1.5 billion in TCV and increased 15% from third quarter 2015, primarily reflecting higher contribution from renewals offsetting lower new business signings. On a trailing twelve-month (TTM) basis, signings increased 8% compared to third quarter 2015.

Signings were an estimated $5.3 billion in TCV for the nine months ended September 30, 2016 and declined 4% from the prior-year period, primarily reflecting lower contribution from new business, due in part to our decision not to pursue opportunities with lower margin and return profiles, and the prior year large New York Medicaid Management Information System new business signing.

Renewal Rate

Renewal rate is defined as the annual recurring revenue (ARR) on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period. Renewal rate for the three months and nine months ended September 30, 2016 of 86% was within our target range of 85%-90%.

Capital Resources and Liquidity

As of September 30, 2016 and December 31, 2015, total cash and cash equivalents were $148 million and $140 million, respectively.

Cash Flow Analysis

The following table summarizes our cash and cash equivalents, as reported in our Condensed Combined Statement of Cash Flows in the accompanying Condensed Combined Financial Statements:

	Nine Months Ended September 30,		
(in millions)	2016	2015	Change
Net cash (used in) provided by operating activities	$ (38)	$ 5	$ (43)
Net cash (used in) provided by investing activities	(129)	570	(699)
Net cash provided by (used in) financing activities	177	(563)	740
Effect of exchange rate changes on cash and cash equivalents	(2)	(8)	6
Increase in cash and cash equivalents	8	4	4
Cash and cash equivalents at beginning of period	140	159	(19)
Cash and Cash Equivalents at End of Period	$ 148	$ 163	$ (15)

Cash Flows from Operating Activities

Net cash used in operating activities was $38 million for the nine months ended September 30, 2016. The $43 million decrease in operating cash from the prior year period was primarily due to the following:

- $17 million decrease in pre-tax income before depreciation and amortization, loss on sales of business, HE prior year charge, separation-related costs and restructuring and related charges.
- $115 million decrease reflecting settlement payments associated with our third quarter 2015 determination that we would not fully complete the HE implementations in California and Montana.
- $120 million decrease from accounts payable and accrued compensation primarily due to the timing of payments.
- $39 million decrease due to the prior year source of cash in the discontinued ITO business.
- $55 million decrease from accounts receivable due to timing of collections.
- $16 million decrease due to payments for separation-related costs.
- $24 million decrease due to higher restructuring payments as a result of increased restructuring initiatives in 2016.
- $396 million increase from tax liabilities due to lower net income tax payments due to refunds of prior year overpayments.
- $14 million increase primarily from lower spending for product software from the refocusing of our Government Healthcare business in 2015.

Cash Flows from Investing Activities

Net cash used in investing activities was $129 million for the nine months ended September 30, 2016. The $699 million decrease in cash from prior year period was primarily due to the following:

- $992 million decrease in proceeds from sales of businesses. The first nine months of 2016 included a $52 million payment to Atos for final post-closing adjustments associated with the 2015 ITO divestiture. 2015 included $939 million of net proceeds from the sale of the ITO business.
- $34 million increase due to lower capital expenditures (including internal use software).
- $194 million increase due to lower acquisitions.
- $67 million increase due to lower net payments on related party notes receivable.

Cash Flows from Financing Activities

Net cash provided by financing activities was $177 million for the nine months ended September 30, 2016. The $740 million increase in cash from the prior year period was primarily due to the following:

- $540 million increase due to net transfers from parent.
- $245 million increase primarily due to payment of $250 million on Senior Notes in 2015.
- $42 million decrease due to net payments on related party notes payable.

Sales of Accounts Receivable

Refer to Note 5 - Accounts Receivable, Net in the Condensed Combined Financial Statements for additional information.

Expected New Capitalization

In connection with our separation capitalization plan, we expect to incur additional borrowings in order to redistribute debt between us and Xerox, such that we will have total principal debt of approximately $2,250 million immediately following the separation (approximately $2,200 million of new borrowings plus approximately $50 million of existing debt). We currently expect to effect this separation capitalization plan through a combination of secured term loans, under one or more new term loan facilities, and senior unsecured notes. In addition, we expect to enter into a new secured revolving credit facility, which is not expected to be drawn at the distribution date. The new borrowings are expected to have a weighted average interest costs of 5.75% and a term of 6 years. In addition, Xerox Corporation and Conduent entered into an Exchange Agreement with the holder of the Xerox Series A Preferred Stock to transfer 120,000 shares of Series A Preferred Stock to Conduent, with a carrying value of $140 million and a dividend rate of 8%. We expect to have a starting cash balance of approximately $400 million after the completion of the separation capitalization plan.

Market Risk Management

We are exposed to market risk from changes in foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures, as well as to reduce earnings and cash flow volatility resulting from shifts in market rates. We enter into limited types of derivative contracts, including interest rate swap agreements, foreign currency spot, forward and swap contracts and net purchased foreign currency options to manage interest rate and foreign currency exposures. Our primary foreign currency market exposures includes Euro and Pound Sterling. The fair market values of all our derivative contracts change with fluctuations in interest rates and/or currency rates and are designed so that any changes in their values are offset by changes in the values of the underlying exposures. Derivative financial instruments are held solely as risk management tools and not for trading or speculative purposes.

We are required to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. As permitted, certain of these derivative contracts have been designated for hedge accounting treatment. Certain of our derivatives that do not qualify for hedge accounting are effective as economic hedges. These derivative contracts are likewise required to be recognized each period at fair value and therefore do result in some level of volatility. The level of volatility will vary with the type and amount of derivative hedges outstanding, as well as fluctuations in the currency and interest rate markets during the period. The related cash flow impacts of all of our derivative activities are reflected as cash flows from operating activities.

By their nature, all derivative instruments involve, to varying degrees, elements of market and credit risk. The market risk associated with these instruments resulting from currency exchange and interest rate movements is expected to offset the market risk of the underlying transactions, assets and liabilities being hedged. We do not believe there is significant risk of loss in the event of non-performance by the counterparties associated with these instruments because these transactions are executed with a diversified group of major financial institutions. Further, our policy is to deal with counterparties having a minimum investment grade or better credit rating. Credit risk is managed through the continuous monitoring of exposures to such counterparties.

The current market events have not required us to materially modify or change our financial risk management strategies with respect to our exposures to interest rate and foreign currency risk. Refer to Note 7 – Financial Instruments, in the Condensed Combined Consolidated Financial Statements for further discussion and information on our financial risk management strategies.

Non-GAAP Financial Measures

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

Management believes that these non-GAAP financial measures provide an additional means of analyzing the current periods' results against the corresponding prior periods' results. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Condensed 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.

A reconciliation of these non-GAAP financial measures and the most directly comparable measures calculated and presented in accordance with U.S. GAAP are set forth on the following tables.

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

Adjusted Earnings Measures

We adjust the following earnings measures:

- Net income
- Effective tax rate

In the three and nine months ended September 30, 2016 and 2015, we adjusted for the amortization of intangible assets. The amortization of intangible assets is driven by our acquisition activity, which can vary in size, nature and timing as compared to other companies within our industry and from period to period. The use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

In 2016, we revised our calculation of the above noted Adjusted Earnings Measures to exclude the following items in addition to the amortization of intangibles:

- Restructuring and related costs
- Separation costs

Restructuring and related costs: Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our Strategic Transformation program beyond those normally included in restructuring and asset impairment charges. Restructuring consists of costs primarily related to severance and benefits paid to employees pursuant to formal restructuring and workforce reduction plans. Asset impairment includes costs incurred for those assets sold, abandoned or made obsolete as a result of our restructuring actions, exiting from a business or other strategic business changes. Additional costs for our Strategic Transformation program are primarily related to the implementation of strategic actions and initiatives and include third-party professional service costs as well as one-time incremental costs. All of these costs can vary significantly in terms of amount and frequency based on the nature of the actions as well as the changing needs of the business. Accordingly, due to that significant variability, we exclude these charges since we do not believe they provide meaningful insight into our current or past operating performance nor do we believe they are reflective of our expected future operating expenses as such charges are expected to yield future benefits and savings with respect to our operational performance.

Separation costs: Separation costs are expenses incurred in connection with Xerox's planned separation into two independent, publicly traded companies. Separation costs are primarily for 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, such as those related to human resources, brand management, real estate and information management to the extent not capitalized. Separation costs include the costs associated with bonuses and restricted stock grants awarded to employees for retention through the separation as well as incremental income tax expense related to the reorganization of legal entities and operations in order to effect the legal separation from Xerox. These costs are incremental to normal operating charges and are being incurred solely as a result of the separation transaction. Accordingly, we exclude these expenses from our Adjusted Earnings Measures in order to evaluate our performance on a comparable basis.

The prior year amounts were revised accordingly to reflect these changes.

Adjusted Revenue, Costs and Expenses and Margin

In 2015, in addition to the above noted Adjusted Earnings Measures, we adjusted revenue, costs and expenses and margin.

As previously discussed, during third quarter 2015, we recorded a pre-tax HE charge of $389 million ($237 million after- tax), which included a $116 million reduction to revenues. See “Financial Review - 2015 Health Enterprise (HE) Charges” for additional information. As a result of the significant impact of the HE charge on our reported revenues, costs and expenses as well as key metrics for the period, we discussed our 2015 results using non-GAAP measures that excluded the impact of the HE charge. In addition to the magnitude of the charge and its impact on our reported results, we excluded the HE charge due to the fact that it was primarily a unique charge associated with the determination, reached after a series of discussions, that fully completing our HE platform implementations in California and Montana was no longer considered probable.

Net Income and Effective Tax Rate

In addition to the exclusion of the HE charge, in 2015 the above noted Adjusted Earnings Measures (Net Income and Effective Tax Rate) were also adjusted for the following item:

Software impairment charge: The pre-tax software impairment charge in the second quarter of 2015 of $146 million ($89 million after-tax) is excluded due to its non-cash impact and the unique nature of the item both in terms of the amount and the fact that it was the result of a specific management action involving a change in strategy in our Government Healthcare business. See “- Financial Review - 2015 Health Enterprise (HE) Charges” for additional information.

Operating Income and Margin

We also calculate and utilize operating income and margin earnings measures by adjusting our pre-tax income and margin amounts to exclude certain items. In addition to the exclusion of the HE charge as well as the amortization of intangible assets, Restructuring and related costs and Separation costs discussed above, operating income and margin also excludes Related Party interest and Other expenses, net. Related Party interest includes net interest cost associated with our Related Party borrowings. Other expenses, net includes third-party interest expense and also includes certain other non-operating costs and expenses. We exclude these amounts in order to evaluate our current and past operating performance and to better understand the expected future trends in our business.

Constant Currency

Refer to “Currency Impact” for a discussion of this measure and its use in our analysis of revenue growth.

Net Income (Loss) Reconciliation:

(in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Reported[1]	$ 1	$ (236)	$ (32)	$ (345)
Adjustments:				
Amortization of intangible assets	63	62	200	187
Restructuring and related costs	8	9	57	160
HE Charge	—	389	—	389
Separation costs	15	—	34	—
Income tax adjustments[2]	(34)	(179)	(100)	(286)
Adjusted	$ 53	$ 45	$ 159	$ 105

(1) Net Income (loss) from continuing operations.
(2) Refer to Effective Tax Rate reconciliation.

Effective Tax Rate Reconciliation:

(in millions)	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Pre-Tax Income (Loss)	Income Tax Expense (Benefit)[3]	Effective Tax Rate	Pre-Tax Income (Loss)	Income Tax Expense (Benefit)[3]	Effective Tax Rate
Reported[1]	$ 2	$ 1	50.0%	$ (390)	$ (154)	39.5%
Non-GAAP Adjustments[2]	86	34		460	179	
Adjusted	$ 88	$ 35	39.8%	$ 70	$ 25	35.7%

(in millions)	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Pre-Tax Income (Loss)	Income Tax Expense (Benefit)[3]	Effective Tax Rate	Pre-Tax Income (Loss)	Income Tax Expense (Benefit)[3]	Effective Tax Rate
Reported[1]	$ (86)	$ (54)	62.8%	$ (582)	$ (237)	40.7%
Non-GAAP Adjustments[2]	291	100		736	286	
Adjusted	$ 205	$ 46	22.4%	$ 154	$ 49	31.8%

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

Operating Income / Margin Reconciliation:

(in millions)	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Profit (Loss)	Revenue	Margin	Profit (Loss)	Revenue	Margin
Reported Pre-tax Income (Loss)[1]	$ 2	$ 1,596	0.1%	$ (390)	$ 1,571	(24.8)%
Adjustments:						
Amortization of intangible assets	63			62		
Restructuring and related costs	8			9		
Separation costs	15			—		
Related party interest	10			14		
HE charge	—			389	116	

Other expenses, net	(1)			12		
Adjusted Operating Income/Margin	$ 97	$ 1,596	6.1%	$ 96	$ 1,687	5.7 %

(in millions)	Nine Months Ended September 30, 2016 Profit (Loss)	Revenue	Margin	Nine Months Ended September 30, 2015 Profit (Loss)	Revenue	Margin
Reported Pre-tax Loss[1]	$ (86)	$ 4,894	(1.8)%	$ (582)	$ 4,932	(11.8)%
Adjustments:						
Amortization of intangible assets	200			187		
Restructuring and related costs	57			160		
Business transformation costs	—			3		
Separation costs	34			—		
Related party interest	30			50		
HE charge	—			389	116	
Other expenses, net	10			22		
Adjusted Operating Income/Margin	$ 245	$ 4,894	5.0 %	$ 229	$ 5,048	4.5 %

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

Revenue Reconciliation (2015 only):

(in millions)	Three Months Ended September 30, 2015 Revenue	Segment (Loss)	Segment Margin	Nine Months Ended September 30, 2015 Revenue	Segment (Loss)	Segment Margin
Reported[1]	$ 1,571	$ (293)	(18.7)%	$ 4,932	$ (160)	(3.2)%
HE charge	116	389		116	389	
Adjusted	$ 1,687	$ 96	5.7 %	$ 5,048	$ 229	4.5 %

(1) Pre-Tax Loss and Income Tax Benefit from continuing operations.

Other Segment Revenue Reconciliation (2015 only):

(in millions)	Three Months Ended September 30, 2015 Reported	HE Charge	Adjusted	Nine Months Ended September 30, 2015 Reported	HE Charge	Adjusted
Other Segment Revenue	$ —	$ 116	$ 116	$ 195	$ 116	$ 311
Other Segment (Loss)	(390)	389	(1)	(469)	389	(80)
Other Segment Margin	N/A		(0.9)%	N/A		(25.7)%

Key Financial Ratios Reconciliation (2015 only):

	Three Months Ended September 30, 2015 Gross Margin	R&D % of Revenue	SAG % of Revenue	Nine Months Ended September 30, 2015 Gross Margin	R&D % of Revenue	SAG % of Revenue
Reported[1]	(7.1)%	0.8 %	10.8 %	8.1%	0.8%	10.6 %
HE charge	23.6 %	(0.1)%	(0.7)%	7.5%	—%	(0.3)%
Adjusted	16.5 %	0.7 %	10.1 %	15.6%	0.8%	10.3 %

(1) Pre-Tax Loss and Income Tax Benefit from continuing operations.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the “Market Risk Management” section of this Quarterly Report on Form 10-Q is hereby incorporated by reference in answer to this Item.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms relating to Conduent Incorporation, including our consolidated subsidiaries, and was accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 11 – Contingencies and Litigation in the Condensed Combined Consolidated Financial Statements of this Quarterly Report on Form 10-Q is incorporated by reference in answer to this Item.

ITEM 1A — RISK FACTORS

There have been no material changes to our risk factors as previously disclosed in our Registration Statement on Form 10, as amended, filed with the SEC.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Sales of Unregistered Securities during the Quarter ended September 30, 2016

During the quarter ended September 30, 2016, Registrant did not issue any securities in transactions that were not registered under the Securities Act of 1933, as amended (the "Act").

(b) Issuer Purchases of Equity Securities during the Quarter ended September 30, 2016

Repurchases Related to Stock Compensation Programs[1]:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum That May Be Purchased under the Plans or Programs
July 1 through 31	4,787	$ 9.35	n/a	n/a
August 1 through 31	—	—	n/a	n/a
September 1 through 30	—	—	n/a	n/a
Total	**4,787**			

(1) These repurchases are made under a provision in our restricted stock compensation programs for the indirect repurchase of shares through a net-settlement feature upon the vesting of shares in order to satisfy minimum statutory tax-withholding requirements.

ITEM 6 — EXHIBITS

31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.INS	XBRL Instance Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CONDUENT INCORPORATED
(Registrant)

By: /s/ JAY T. CHU

Jay T. Chu
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Date: November 10, 2016

EXHIBIT INDEX

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101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.SCH	XBRL Taxonomy Extension Schema Linkbase.

X.3 Verint Financial Information

We have included copies of Verint's financial statements (the last two years and current year interim of the profit and loss statement and balance statement) in this section.

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VERINT SYSTEMS INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share and per share data)	July 31, 2017	January 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 365,138	$ 307,363
Restricted cash and bank time deposits	35,673	9,198
Short-term investments	8,410	3,184
Accounts receivable, net of allowance for doubtful accounts of $2.1 million and $1.8 million, respectively	250,592	266,590
Inventories	18,615	17,537
Deferred cost of revenue	3,792	3,621
Prepaid expenses and other current assets	71,368	64,561
Total current assets	**753,588**	**672,054**
Property and equipment, net	80,759	77,551
Goodwill	1,294,243	1,264,818
Intangible assets, net	209,896	235,259
Capitalized software development costs, net	8,217	9,509
Long-term deferred cost of revenue	4,157	5,463
Other assets	71,034	98,130
Total assets	**$ 2,421,894**	**$ 2,362,784**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 65,824	$ 62,049
Accrued expenses and other current liabilities	212,910	217,835
Deferred revenue	184,864	182,515
Total current liabilities	**463,598**	**462,399**
Long-term debt	763,788	744,260
Long-term deferred revenue	23,738	20,912
Other liabilities	114,675	120,173
Total liabilities	**1,365,799**	**1,347,744**
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock - $0.001 par value; authorized 2,207,000 shares at July 31, 2017 and January 31, 2017, respectively; none issued.	—	—
Common stock - $0.001 par value; authorized 120,000,000 shares. Issued 65,396,000 and 64,073,000 shares; outstanding 63,735,000 and 62,419,000 shares at July 31, 2017 and January 31, 2017, respectively.	65	64
Additional paid-in capital	1,491,290	1,449,335
Treasury stock, at cost - 1,661,000 and 1,654,000 shares at July 31, 2017 and January 31, 2017, respectively.	(57,425)	(57,147)
Accumulated deficit	(257,898)	(230,816)
Accumulated other comprehensive loss	(132,231)	(154,856)
Total Verint Systems Inc. stockholders' equity	**1,043,801**	**1,006,580**
Noncontrolling interests	12,294	8,460
Total stockholders' equity	**1,056,095**	**1,015,040**
Total liabilities and stockholders' equity	**$ 2,421,894**	**$ 2,362,784**

See notes to condensed consolidated financial statements.

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VERINT SYSTEMS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

(in thousands, except per share data)	Three Months Ended July 31, 2017	Three Months Ended July 31, 2016	Six Months Ended July 31, 2017	Six Months Ended July 31, 2016
Revenue:				
Product	$ 94,412	$ 90,456	$ 184,229	$ 166,168
Service and support	180,365	171,465	351,543	341,177
Total revenue	**274,777**	**261,921**	**535,772**	**507,345**
Cost of revenue:				
Product	31,944	26,573	65,868	52,956
Service and support	69,200	66,754	136,545	131,885
Amortization of acquired technology	9,530	9,134	19,064	18,314
Total cost of revenue	**110,674**	**102,461**	**221,477**	**203,155**
Gross profit	**164,103**	**159,460**	**314,295**	**304,190**
Operating expenses:				
Research and development, net	48,521	43,099	94,754	87,819
Selling, general and administrative	103,494	101,146	205,301	201,181
Amortization of other acquired intangible assets	8,142	11,466	19,679	22,732
Total operating expenses	**160,157**	**155,711**	**319,734**	**311,732**
Operating income (loss)	**3,946**	**3,749**	**(5,439)**	**(7,542)**
Other income (expense), net:				
Interest income	809	313	1,139	466
Interest expense	(9,118)	(8,724)	(18,106)	(17,268)
Loss on early retirement of debt	(1,934)	—	(1,934)	—
Other income (expense), net	4,983	(5,358)	3,094	(1,539)
Total other expense, net	**(5,260)**	**(13,769)**	**(15,807)**	**(18,341)**
Loss before provision for income taxes	**(1,314)**	**(10,020)**	**(21,246)**	**(25,883)**
Provision for income taxes	4,452	1,058	3,560	1,388
Net loss	**(5,766)**	**(11,078)**	**(24,806)**	**(27,271)**
Net income attributable to noncontrolling interests	661	627	1,407	1,890
Net loss attributable to Verint Systems Inc.	**$ (6,427)**	**$ (11,705)**	**$ (26,213)**	**$ (29,161)**
Net loss per common share attributable to Verint Systems Inc.:				
Basic	**$ (0.10)**	**$ (0.19)**	**$ (0.42)**	**$ (0.47)**
Diluted	**$ (0.10)**	**$ (0.19)**	**$ (0.42)**	**$ (0.47)**
Weighted-average common shares outstanding:				
Basic	**63,185**	**62,668**	**62,838**	**62,463**
Diluted	**63,185**	**62,668**	**62,838**	**62,463**

See notes to condensed consolidated financial statements.

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VERINT SYSTEMS INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(in thousands, except share and per share data)	January 31, 2017	January 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 307,363	$ 352,105
Restricted cash and bank time deposits	9,198	11,820
Short-term investments	3,184	55,982
Accounts receivable, net of allowance for doubtful accounts of $1.8 million and $1.2 million, respectively	266,590	256,419
Inventories	17,537	18,312
Deferred cost of revenue	3,621	1,876
Prepaid expenses and other current assets	64,561	57,598
Total current assets	**672,054**	**754,112**
Property and equipment, net	77,551	68,904
Goodwill	1,264,818	1,207,176
Intangible assets, net	235,259	246,682
Capitalized software development costs, net	9,509	11,992
Long-term deferred cost of revenue	5,463	13,117
Deferred income taxes	21,510	17,528
Other assets	76,620	36,224
Total assets	**$ 2,362,784**	**$ 2,355,735**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 62,049	$ 65,447
Accrued expenses and other current liabilities	213,224	206,967
Current maturities of long-term debt	4,611	2,104
Deferred revenue	182,515	167,912
Total current liabilities	**462,399**	**442,430**
Long-term debt	744,260	735,983
Long-term deferred revenue	20,912	20,488
Deferred income taxes	25,814	27,042
Other liabilities	94,359	61,628
Total liabilities	**1,347,744**	**1,287,571**
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock - $0.001 par value; authorized 2,207,000 shares at January 31, 2017 and 2016, respectively; none issued.	—	—
Common stock - $0.001 par value; authorized 120,000,000 shares. Issued 64,073,000 and 62,614,000 shares; outstanding 62,419,000 and 62,266,000 shares at January 31, 2017 and 2016, respectively.	64	63
Additional paid-in capital	1,449,335	1,387,955
Treasury stock, at cost - 1,654,000 and 348,000 shares at January 31, 2017 and 2016, respectively.	(57,147)	(10,251)
Accumulated deficit	(230,816)	(201,436)
Accumulated other comprehensive loss	(154,856)	(116,194)
Total Verint Systems Inc. stockholders' equity	**1,006,580**	**1,060,137**
Noncontrolling interest	8,460	8,027
Total stockholders' equity	**1,015,040**	**1,068,164**
Total liabilities and stockholders' equity	**$ 2,362,784**	**$ 2,355,735**

See notes to consolidated financial statements.

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VERINT SYSTEMS INC. AND SUBSIDIARIES
Consolidated Statements of Operations

(in thousands, except per share data)	Year Ended January 31, 2017	2016	2015
Revenue:			
Product	$ 378,504	$ 455,406	$ 487,617
Service and support	683,602	674,860	640,819
Total revenue	**1,062,106**	**1,130,266**	**1,128,436**
Cost of revenue:			
Product	123,279	145,071	144,870
Service and support	261,978	248,061	239,274
Amortization of acquired technology and backlog	37,372	35,774	31,004
Total cost of revenue	**422,629**	**428,906**	**415,148**
Gross profit	**639,477**	**701,360**	**713,288**
Operating expenses:			
Research and development, net	171,070	177,650	173,748
Selling, general and administrative	406,952	412,728	415,266
Amortization of other acquired intangible assets	44,089	43,130	45,163
Total operating expenses	**622,111**	**633,508**	**634,177**
Operating income	**17,366**	**67,852**	**79,111**
Other income (expense), net:			
Interest income	1,048	1,490	1,070
Interest expense	(34,962)	(33,885)	(36,661)
Losses on early retirements of debt	—	—	(12,546)
Other expense, net	(6,926)	(12,277)	(9,571)
Total other expense, net	**(40,840)**	**(44,672)**	**(57,708)**
(Loss) income before provision (benefit) for income taxes	**(23,474)**	**23,180**	**21,403**
Provision (benefit) for income taxes	2,772	952	(14,999)
Net (loss) income	**(26,246)**	**22,228**	**36,402**
Net income attributable to noncontrolling interest	3,134	4,590	5,471
Net (loss) income attributable to Verint Systems Inc.	**$ (29,380)**	**$ 17,638**	**$ 30,931**
Net (loss) income per common share attributable to Verint Systems Inc.:			
Basic	**$ (0.47)**	**$ 0.29**	**$ 0.53**
Diluted	**$ (0.47)**	**$ 0.28**	**$ 0.52**
Weighted-average common shares outstanding:			
Basic	**62,593**	**61,813**	**58,096**
Diluted	**62,593**	**62,921**	**59,374**

See notes to consolidated financial statements.

X.4 Fiserv Financial Information

In this section, we have included a copy of Fiserv's 10-K, which includes the last two years of the profit and loss statement and balance statement. We have also included the current year interim financial information for the profit and loss statement as well as the balance statement.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended: December 31, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 0-14948

Fiserv, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Wisconsin (State or Other Jurisdiction of Incorporation or Organization)	39-1506125 (I.R.S. Employer Identification No.)

255 Fiserv Dr., Brookfield, WI 53045
(Address of Principal Executive Offices, Including Zip Code)

Registrant's telephone number, including area code: (262) 879-5000

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

The aggregate market value of the common stock of the registrant held by non-affiliates as of June 30, 2016 (the last trading day of the second fiscal quarter) was $23,949,604,597 based on the closing price of the registrant's common stock on the NASDAQ Global Select Market on that date. The number of shares of the registrant's common stock, $0.01 par value per share, outstanding at February 16, 2017 was 214,563,950.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates information by reference to the registrant's proxy statement for its 2017 annual meeting of shareholders, which proxy statement will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2016.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those that express a plan, belief, expectation, estimation, anticipation, intent, contingency, future development or similar expression, and can generally be identified as forward-looking because they include words such as "believes," "anticipates," "expects," "could," "should" or words of similar meaning. Statements that describe our future plans, objectives or goals are also forward-looking statements. The forward-looking statements in this report involve significant risks and uncertainties, and a number of factors, both foreseen and unforeseen, could cause actual results to differ materially from our current expectations. The factors that may affect our results include, among others: pricing and other actions by competitors; the capacity of our technology to keep pace with a rapidly evolving marketplace; the impact of market and economic conditions on the financial services industry; the impact of a security breach or operational failure on our business; the effect of legislative and regulatory actions in the United States and internationally; our ability to comply with government regulations; our ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same; the impact of our strategic initiatives; and other factors discussed in this report under the heading "Risk Factors." You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements, which speak only as of the date of this report. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this report. We are not including the information provided on the websites referenced herein as part of, or incorporating such information by reference into, this Annual Report on Form 10-K.

PART I

In this report, all references to "we," "us" and "our" refer to Fiserv, Inc. ("Fiserv"), a Wisconsin corporation, and, unless the context otherwise requires, its consolidated subsidiaries.

Item 1. Business

Overview

Fiserv, Inc. is a leading global provider of financial services technology. We are publicly traded on the NASDAQ Global Select Market and part of the S&P 500 Index. We serve over 12,000 clients worldwide, including banks, thrifts, credit unions, investment management firms, leasing and finance companies, retailers, merchants, mutual savings banks, and building societies. We provide account processing systems; electronic payments processing products and services, such as electronic bill payment and presentment services, card-based transaction processing and network services, ACH transaction processing, account-to-account transfers, and person-to-person payments; internet and mobile banking systems; and related services including document and payment card production and distribution, check processing and imaging, source capture systems, and lending and risk management products and services. Most of the services we provide are necessary for our clients to operate their businesses and are, therefore, non-discretionary in nature. Our operations are principally located in the United States where we operate data and transaction processing centers, provide technology support, develop software and payment solutions, and offer consulting services. We also own a 49% interest in StoneRiver Group, L.P. ("StoneRiver"), which is comprised of our former insurance services businesses.

In 2016, we had $5.5 billion in total revenue, $1.4 billion in operating income and $1.4 billion of net cash provided by operating activities from continuing operations. Processing and services revenue, which in 2016 represented 84% of our total revenue, is primarily generated from account- and transaction-based fees under contracts that generally have terms of three to five years and high renewal rates. Revenue from clients outside the United States comprised approximately 5% of total revenue in 2016 and 6% in each of 2015 and 2014.

We have grown our business by developing highly specialized services and product enhancements, extending our capabilities through innovation, adding new clients, selling additional products and services to existing clients, and acquiring businesses that complement ours, which has enabled us to deliver a wide range of integrated products and services and has created new opportunities for growth.

We originally incorporated in Delaware in 1984 and reincorporated as a Wisconsin corporation in 1992. Our headquarters are located at 255 Fiserv Drive, Brookfield, Wisconsin 53045, and our telephone number is (262) 879-5000.

Our operations are reported in the Payments and Industry Products ("Payments") and Financial Institution Services ("Financial") business segments. Financial information regarding our business segments is included in Note 8 to the consolidated financial statements.

Payments

The businesses in our Payments segment provide financial institutions and other companies with the products and services required to process electronic payment transactions and to offer their customers access to financial services and transaction capability through digital channels. Financial institutions and other companies have increasingly relied on third-party providers for those products and services, either on a licensed software or outsourced basis, as an increasing number of payment transactions are completed electronically as our clients' customers seek the convenience of 24-hour digital access to their financial accounts. Within the Payments segment, we primarily provide electronic bill payment and presentment services, internet and mobile banking software and services, person-to-person payment services, debit and credit card processing and services, and other electronic payments software and services. Our businesses in this segment also provide card and print personalization services, investment account processing services for separately managed accounts, and fraud and risk management products and services. Our solutions in the Payments segment include:

Electronic Payments

Our electronic payments business is comprised of electronic bill payment and presentment services and other electronic payment services for businesses and consumers, such as person-to-person payments, account-to-account transfers, account opening and funding, and small business invoicing and payments. Our principal electronic bill payment and presentment product, CheckFree® RXP®, allows our clients' customers: to manage household bills via an easy-to-use, online tool; to view billing and payment information; to pay and manage all of their bills in one place; for certain billers, to experience speed comparable to payment at a biller's site via same-day bill payment; and to make convenient next-day payments to many of the companies with which they do business. We use our systems to process the vast majority of the payment transactions that we handle, which enables us to improve our economies of scale. Once a consumer has accessed the system through a financial institution, he or she can elect to pay an electronic bill delivered by us or can instruct the system to pay individuals or companies that have bank accounts located within the U.S.

Our person-to-person payments solution, Popmoney®, allows consumers a convenient way to send and receive money while offering financial institutions the opportunity to generate new transaction-based revenue, attract new accounts and increase loyalty among existing customers. Popmoney Instant Payments extends the functionality of the Popmoney personal payment service by enabling near real-time exchange of funds. Popmoney can be accessed through the www.popmoney.com website, our mobile applications for iPhone® and Android™, or the websites and mobile banking applications of participating financial institutions. As of December 31, 2016, more than 2,500 financial institutions have agreed to offer our person-to-person payments services to their customers.

Digital Channels

Our principal digital consumer and business banking products are Architect™, Corillian Online®, Corillian® Business Online and Mobiliti™. Our Corillian product suite supports multiple lines of banking businesses and has been designed to be highly scalable to meet the evolving needs of our clients. This structure enables our clients to deploy new services by adding and integrating applications, such as electronic bill payment, person-to-person payments and personal financial management tools, to any internet connected point-of-presence. Our Mobiliti product suite provides a variety of mobile banking and payments services to our clients and their customers, including balance inquiry, transaction history, bill payment, person-to-person payments and transfers, via mobile browser, downloadable application for smart phones and tablets, and text message. We also provide the advanced capabilities of Corillian Online and Mobiliti as an outsourced service, known as Corillian Online ASP and Mobiliti ASP. As of December 31, 2016, we had approximately 2,400 mobile banking clients.

In the first quarter of 2016, we completed our purchase of the Community Financial Services business of ACI Worldwide, Inc., adding a suite of digital banking and payments solutions, including Architect, which supports online, mobile and tablet banking for retail and small business customers on a single platform.

Card Services

Our card services business is a leader in electronic funds transfer and provides a total payments solution through a variety of products and services. We provide thousands of financial institution clients with a full range of credit and debit processing services, including: ATM monitoring, tokenization, loyalty and reward programs, real-time person-to-person payments, customized authorization processing, direct access and settlement for networks, and risk management solutions. We own and operate the Accel® network, which serves over 3,200 financial institutions with funds access at over 400,000 ATMs and incorporates CardFree Cash℠ access as well as EMV™ chip and traditional magnetic stripe cards. Our Accel network point of sale support delivers comprehensive coverage of PIN and signature authentication support at physical and electronic commerce merchants across the country. Our digital enablement capability provides our clients' consumers with mobile-based,

customizable card management and alert tools that drive engagement and revenue for our issuers, and our risk management tools and portfolio management services are integrated with real-time fraud decisioning.

Biller Solutions

Our biller business provides electronic billing and payment services to companies that deliver bills to their customer base, such as utilities, telephone and cable companies, consumer lending institutions, and insurance providers, enabling our biller clients to reduce costs, collect payments faster, increase customer satisfaction, and provide customers flexible, easy-to-use ways to view and pay their bills. In the first quarter of 2016, we acquired the Convenience Pay Services business of Hewlett Packard Enterprise Company, which enables providers to accept electronic payments from their consumers through multiple channels, thereby expanding our biller solution offerings.

Consumers use our electronic billing and payment systems by viewing or paying a bill through a financial institution's bill payment application, use of a biller's website, mobile application or automated phone system, www.mycheckfree.com, or by paying in person at one of more than 24,000 nationwide walk-in payment locations. These diverse services allow our clients' customers to view and pay bills wherever, whenever and however they feel most comfortable. Furthermore, because our biller clients are able to receive all of these services from us, we can eliminate the operational complexity and expense of supporting multiple vendor systems or in-house developed systems.

Output Solutions

Our output solutions business provides business communication solutions to clients across a wide variety of industries, including financial services, healthcare, retail, utilities, and travel and entertainment. Our products and services include: electronic document management through our electronic document delivery products and services; card manufacturing, personalization and mailing; statement production and mailing; design and fulfillment of direct mail solutions; forms distribution; laser printing and mailing; branded merchandise; and office supplies.

Investment Services

Our investment services business provides technology solutions that enable financial planning, portfolio management and trading, model management, performance measurement, and reporting products and services to approximately 300 financial service organizations, including broker dealers, registered investment advisors, banks, asset managers and insurance companies that deliver financial advice and managed account products to U.S. retail investors. Our investment services business also supports global institutional asset managers and asset servicers with portfolio accounting, performance analytics, fee billing and revenue management, and post-trade processing technology. Our primary product, the Unified Wealth Platform, is a real-time portfolio management, trading and reporting system used by some of the largest brokerage firms and asset managers in the U.S. offering managed accounts, based on assets under management.

Risk Management Solutions

Our risk management solutions business provides financial and risk management products and services that deliver operating efficiencies and management insight which enable our clients to protect and grow their businesses. Our Enterprise Performance Management and Financial Control Solutions offerings include budgeting and planning, financial accounting, and automated reconciliation and account certification tools to facilitate a robust assessment environment and efficient close process for our clients. These solutions are further complemented by fraud detection and mitigation through our predictive analytics solution, Fraud Risk and Anti-Money Laundering Compliance Management.

Financial

The businesses in our Financial segment provide financial institutions with the products and services they need to run their operations. Many financial institutions that previously developed their own software systems and maintained their own data processing operations now license software from third parties or outsource their data processing requirements by contracting with third-party processors. This has allowed them to reduce costs and enhance their products, services, capacity and capabilities. The licensing of software reduces the need for costly technical expertise within a financial institution, and outsourcing data processing operations reduces the infrastructure and other costs required to operate systems internally. Within the Financial segment, we provide banks, thrifts, credit unions, and leasing and finance companies with account processing services, item processing and source capture services, loan origination and servicing products, cash management and consulting services, and other products and services that support numerous types of financial transactions. Many of the products and services that we sell are integrated with solutions from our Payments segment such as electronic bill payment and presentment, internet and mobile banking, debit processing and network services, and person-to-person payments. Our solutions in the Financial segment include:

Account Processing

We provide account servicing and management technology solutions to our bank, thrift and credit union clients, as well as a range of integrated, value-added banking products and services. Account processing solutions are the principal systems that enable a financial institution to operate systems that process customer deposit and loan accounts, an institution's general ledger, central information files and other financial information. These solutions also include extensive security, report generation and other features that financial institutions need to process transactions for their customers, as well as to comply with applicable regulations. Although many of our clients contract to obtain a majority of their processing requirements from us, our software design allows clients to start with one application and, as needed, add applications and features developed by us or by third parties. We support a broad range of client-owned peripheral devices manufactured by a variety of vendors, which reduces a new client's initial conversion expenses, enhances existing clients' ability to change technology and broadens our market opportunity.

The principal account processing solutions used by our bank and thrift clients are Cleartouch®, DNA®, Precision®, Premier®, Signature® and TotalPlus®. The principal account processing solutions primarily used by our credit union clients are Advantage™, Charlotte℠, CubicsPlus®, CUnify™, CUSA®, DataSafe®, DNA, Galaxy®, OnCU®, Portico®, Reliance®, Spectrum® and XP2®. The Signature and DNA systems are available both domestically and internationally. In addition, we offer Agiliti™ as a software-as-a-service solution to the UK financial services industry. Account processing solutions are generally offered as an outsourced service or as licensed software for installation on client-owned or hosted computer systems.

Item Processing

Our item processing business offers products and services to financial institutions and intermediaries. Through the Fiserv Clearing Network, we provide complete check clearing and image exchange services. Other solutions include image archive with online retrieval, in-clearings, exceptions and returns, statements and fraud detection. We also provide consulting services, business operations services and related software products that facilitate the transformation of our clients' check capture environments from paper-based to electronic.

Lending and Other Solutions

Our lending business offers life-of-loan digital products and services to financial institutions and market intermediaries including loan originations, servicing and default systems primarily for auto, consumer and real estate. In addition, our lending solutions include a full complement of professional services, such as customization, business process outsourcing, training, consulting and implementation services.

Other businesses in this segment provide solutions for ACH, cash and treasury management, case management and resolution, and source capture optimization to the financial services industry. Our offerings include Immediate Funds℠, PEP+®, Integrated Currency Manager™, Device Manager™, CorPoint®, and our remote deposit capture solutions branded as Source Capture Solutions®.

Our Strategy

Our vision is to be a global leader in transaction-based technology solutions. Our mission is to provide integrated technology and services solutions that enable best-in-class results for our clients. We are focused on operating businesses where we have: deep industry expertise that enables us to serve the market with high effectiveness; a strong competitive position, currently or via a clear path in the foreseeable future; long-term, trusted client relationships that are based on recurring services and transactions; differentiated solutions that deliver value to our clients through integration and innovation; and strong management to execute strategies in a disciplined manner. Consistent with this focus, we continue to operate our business in accordance with the following strategic framework:

- *Portfolio Management*. We expect to acquire businesses when we identify: a compelling strategic need, such as a product, service or technology that helps meet client demand; an opportunity to change industry dynamics; a way to achieve business scale; or similar considerations. We expect to divest businesses that are not in line with our market, product or financial strategies.

- *Client Relationship Value*. We plan to increase the number and breadth of our client relationships by, among other actions: continuing to integrate our products and services; introducing new products and services that are aligned with market needs; combining products and services to deliver enhanced, integrated value propositions; and improving the quality of our client service and support.

- *Operational Effectiveness*. We believe we can improve the quality of our client delivery while reducing our costs by using the opportunities created by our size and scale. For example, we are using our consolidated buying power and optimizing our facilities to create cost savings.
- *Capital Discipline*. We intend to make capital allocation decisions that offer the best prospects for our long-term growth and profitability, which may include, among other matters, internal investment, repayment of debt, repurchases of our own shares or acquisitions.
- *Innovation*. We seek to be an innovation leader, utilizing our assets and capabilities to be at the forefront of our industry and enable our clients to deliver best-in-class results.

Servicing the Market

The markets for our account and transaction processing services have specific needs and requirements, with strong emphasis placed by clients on flexibility, quality, comprehensiveness and integration of product lines, service reliability, timely introduction of new products and features, and cost effectiveness. We believe that our financial strength and primary focus on the financial services industry enhances our ability to meet these needs and service our clients. In addition, we believe that our dedication to providing excellent client service and support no matter the size of the client and our commitment of substantial resources to training and technical support helps us to identify and fulfill the needs of our clients.

Product Development

To meet the changing technology needs of our clients, we continually develop, maintain and enhance our products and systems. Product development expenditures represented approximately 8% of our total revenue in 2016 and 9% in each of 2015 and 2014. Our development and technology centers apply the expertise of multiple teams to design, develop and maintain specialized processing systems. Our account processing systems are designed to meet the preferences and diverse requirements of the international, national, regional or local market-specific financial service environments of our clients. In developing our products, we use current software development principles, such as service-oriented architecture, to create efficiencies, and we stress interaction with and responsiveness to the needs of our clients.

Intellectual Property

We regard our software, transaction processing services and related products as proprietary, and we utilize a combination of patent, copyright, trademark and trade secret laws, internal security practices, and employee and third party non-disclosure agreements to protect our intellectual property assets. Our patents cover innovations relating to numerous financial software products and services, and we continue, where appropriate, to seek and secure patents with respect to our ongoing innovations. We believe that we possess all proprietary rights necessary to conduct our business.

Competition

The market for technology products and services in the financial industry is highly competitive. Our principal competitors include other vendors of financial services technology, data processing affiliates of large companies, and processing centers owned and operated as user cooperatives. Outside the U.S., our primary competitors include global and local IT product and services companies, as well as payment service providers and processors. Furthermore, we expect competition to continue to increase as new companies enter our markets and existing competitors expand their product lines and services. Some of these competitors possess substantially greater financial, sales and marketing resources than we do and have substantial flexibility in competing with us, including through the use of integrated product offerings and through pricing. Competitive factors for our business include product quality, security, service reliability, product line comprehensiveness and integration, timely introduction of new products and features, and price. We believe that we compete favorably in each of these categories. Additional information about competition in our segments is provided below.

Payments

We compete with a number of competitors in our bill payment, digital channels, card services and biller businesses, including ACI Worldwide, Inc., Fidelity National Information Services, Inc. (“FIS”), First Data Corporation, Jack Henry and Associates Inc. (“Jack Henry”), MasterCard Incorporated, NCR Corporation, Q2 Holdings, Inc., Total System Services, Inc.,Vantiv, Inc., Visa Inc. and The Western Union Company. In addition to traditional payments competitors, large technology, media and other providers are increasingly seeking to provide or facilitate a wide range of point of sale and non-point of sale payments. These newer competitors include, but are not limited to, Alphabet Inc., Amazon.com, Inc., Apple Inc., Facebook, Inc., Intuit Inc., PayPal Holdings, Inc., Samsung Group, Starbucks Corporation and Wal-Mart Stores, Inc. Certain existing and potential financial institution and biller clients also have the ability to develop and use their own in-house systems instead of our

products and services. In addition, many companies that provide solutions to the financial services industry are consolidating, creating larger competitors with greater resources and broader product lines.

Financial

Our products and services in the Financial segment compete in several different market segments and geographies, including with large, diversified software and service companies and independent suppliers of software products. Certain existing and potential financial institution clients also have the ability to develop and use their own in-house systems. In addition, we compete with vendors that offer similar transaction processing products and services to financial institutions, including Computer Services, Inc., DH Corporation, FIS, Infosys Ltd., International Business Machines Corporation, Jack Henry, Oracle Corporation, SAP SE and Temenos Group AG.

Government Regulation

The regulations that apply to the delivery of financial services are complex and evolve continuously. Fiserv and its subsidiaries are generally not directly subject to federal or state regulations specifically applicable to financial institutions such as banks, thrifts and credit unions. However, as a provider of services to these financial institutions, our operations are examined on a regular basis by various state and federal regulatory authorities and representatives of the Federal Financial Institutions Examination Council, which is a formal interagency body empowered to prescribe uniform principles, standards and report forms for the federal examination of financial institutions and to make recommendations to promote uniformity in the supervision of financial institutions. Also, state and federal regulations require our financial institution clients to include certain provisions in their contracts with service providers like us, such as those related to security and privacy, and to conduct ongoing monitoring and risk management for third party relationships. In addition, independent auditors annually review many of our operations to provide internal control evaluations for our clients and their auditors.

In conducting our direct-to-consumer businesses, including our walk-in bill payment, online bill payment and Popmoney person-to-person payment services, we are directly subject to various federal and state laws, rules and regulations including those relating to the movement of money. In order to comply with our obligations under applicable laws, we are required, among other matters, to comply with licensing and reporting requirements, to implement operating policies and procedures necessary to comply with anti-money laundering laws, to comply with capital requirements, to protect the privacy and security of our clients' information, and to undergo periodic audits and examinations.

Since the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), there have been substantial reforms to the supervision and operation of the financial services industry, including numerous new regulations that have imposed compliance costs and, in some cases, limited revenue sources for us and our clients. Among other things, the Dodd-Frank Act established the Consumer Financial Protection Bureau ("CFPB"), which is empowered to conduct rule-making and supervision related to, and enforcement of, federal consumer financial protection laws. The CFPB has issued guidance that applies to "supervised service providers," which the CFPB has defined to include service providers, like us, to CFPB supervised banks and nonbanks. In addition, federal and state agencies have recently begun to propose cybersecurity regulations, such as the Proposed Cybersecurity Requirements for Financial Services Companies issued by the New York State Department of Financial Services in September 2016 and the Advance Notice of Proposed Rulemaking on Enhanced Cyber Risk Management Standards issued by The Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation in October 2016. New regulations could, among other things, require us to make significant additional investments to comply with them, modify our products or services or the manner in which they are provided, or limit or change the amount or types of revenue we are able to generate.

Employees

We have approximately 23,000 employees globally, many of whom are specialists in our information management centers and related product and service businesses. This service support network includes employees with backgrounds in computer science and the financial industry, as well as employees with direct experience in payments, financial institutions and other financial services environments. Our employees provide expertise in: programming, software development, modification and maintenance; computer operations, network control and technical support; client services and training; business process outsourcing; item and mortgage processing; system conversions; sales and marketing; and account management.

The service nature of our business makes our employees an important corporate asset. Although the market for qualified personnel is competitive, we have not experienced significant difficulty with hiring or retaining our staff of top industry professionals. In assessing a potential acquisition candidate, we emphasize the quality and stability of the acquisition candidate's employees.

Available Information

Our website address is www.fiserv.com. We are not including the information provided on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge (other than an investor's own internet access charges) through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission.

Item 1A. Risk Factors

You should carefully consider each of the risks described below, together with all of the other information contained in this Annual Report on Form 10-K, before making an investment decision with respect to our securities. If any of the following risks develop into actual events, our business, financial condition or results of operations could be materially and adversely affected and you may lose all or part of your investment.

We operate in a competitive business environment and may not be able to compete effectively.

The markets for our services are highly competitive from new and existing competitors. Our competitors vary in size and in the scope and breadth of the services they offer. Many of our larger existing and potential clients have historically developed their key applications in-house. As a result, we often compete against our existing or potential clients' in-house capabilities. We also expect that the markets in which we compete will continue to attract new well-funded competitors and new technologies, including large technology, media and other companies not historically in the financial services industry, start-ups and international providers of similar products and services to ours. We cannot provide any assurance that we will be able to compete successfully against current or future competitors or that competitive pressures faced by us in the markets in which we operate will not materially and adversely affect our business, results of operations and financial condition.

If we fail to adapt our products and services to changes in technology or in the marketplace, or if our ongoing efforts to upgrade our technology are not successful, we could lose clients or have trouble attracting new clients, and our ability to grow may be limited.

The markets for our products and services are characterized by constant technological changes, frequent introductions of new products and services, and evolving industry standards. Our ability to enhance our current products and services and to develop and introduce innovative products and services that address the increasingly sophisticated needs of our clients and their customers will significantly affect our future success. We may not be successful in developing, marketing or selling new products and services that meet these changing demands. In addition, we may experience difficulties that could delay or prevent the successful development, introduction or marketing of these services, or our new services and enhancements may not adequately meet the demands of the marketplace or achieve market acceptance. If we are unsuccessful in offering products or services that gain market acceptance, it would likely have a material adverse effect on our ability to retain existing clients, to attract new ones and to grow profitably.

The market for our electronic transaction services continues to evolve and may not continue to develop or grow rapidly enough to sustain profitability.

If the number of electronic transactions does not continue to grow, or if consumers or businesses do not continue to adopt our services, it could have a material adverse effect on our business, results of operations and financial condition. We believe future growth in the electronic transactions market will be driven by a combination of factors including speed, cost, ease-of-use, security and quality of products and services offered to consumers and businesses. In addition, we may face challenges meeting local political, regulatory, business and economic conditions as we grow internationally, particularly in emerging market economies, and we may find it difficult to manage and oversee operations far from our headquarters. In order to consistently increase and maintain our profitability, consumers and businesses must continue to adopt our services. The success of our electronic commerce businesses also relies in part on financial institutions, billers and other third parties to market our services to their customers. If any of these third parties abandons, curtails or insufficiently increases its marketing efforts, it could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to renew client contracts at favorable terms, we could lose clients and our results of operations and financial condition may be adversely affected.

Failure to achieve favorable renewals of client contracts could negatively impact our business. Our contracts with clients generally run for a period of three to five years. At the end of the contract term, clients have the opportunity to renegotiate their contracts with us or to consider whether to engage one or more of our competitors to provide products and services. If we are

not successful in achieving high renewal rates and favorable contract terms, our results of operations and financial condition may be materially and adversely affected.

Our business may be adversely impacted by U.S. and global market and economic conditions.

For the foreseeable future, we expect to continue to derive most of our revenue from products and services we provide to the financial services industry. Given this concentration, we are exposed to the global economic conditions in the financial services industry. A prolonged poor economic environment could result in significant decreases in demand by current and potential clients for our products and services and in the number and dollar amount of transactions we process, which could have a material adverse effect on our business, results of operations and financial condition.

Consolidations in the banking and financial services industry could adversely affect our revenue by eliminating existing or potential clients and making us more dependent on fewer clients.

Failures, mergers and consolidations of financial institutions reduce the number of our clients and potential clients, which could adversely affect our revenue. Further, if our clients fail or merge with or are acquired by other entities that are not our clients, or that use fewer of our services, they may discontinue or reduce their use of our services. It is also possible that the larger financial institutions that result from mergers or consolidations could have greater leverage in negotiating terms with us or could decide to perform in-house some or all of the services which we currently provide or could provide. Any of these developments could have a material adverse effect on our business, results of operations and financial condition.

Security breaches, computer malware or other "cyber attacks" could harm our business by disrupting our delivery of services and damaging our reputation.

Our operations depend on receiving, storing, processing and transmitting sensitive information pertaining to our business, our associates, our clients and their customers. Any unauthorized intrusion, malicious software infiltration, network disruption, denial of service or similar act by a malevolent party could disrupt the integrity, continuity, security and trust of our systems or data, or the systems or data of our clients or vendors. These events could create costly litigation, significant financial liability, increased regulatory scrutiny, financial sanctions and a loss of confidence in our ability to serve clients and cause current or potential clients to choose another service provider, all of which could have a material adverse impact on our business. In addition, as these threats continue to evolve, we may be required to invest significant additional resources to modify and enhance our information security and controls or to investigate and remediate any security vulnerabilities. Although we believe that we maintain a robust program of information security and controls and none of the threats that we have encountered to date have materially impacted us, we may not be able to prevent a material event in the future, and the impact of a material event could have a material adverse effect on our business, results of operations and financial condition.

Operational failures could harm our business and reputation.

An operational failure in our transaction processing businesses, including our business continuity and disaster recovery capabilities, could harm our business or cause us to lose clients. An operational failure could be caused by the failure of third party networks and systems upon which we rely to deliver our services and over which we have limited or no control. Interruptions of service could damage our relationship with clients and could cause us to incur substantial expenses, including those related to the payment of service credits or other liabilities. A prolonged interruption of our services or network could cause us to experience data loss or a reduction in revenue. In addition, a significant interruption of service could have a negative impact on our reputation and could cause our current and potential clients to choose another service provider. Any of these developments could have a material adverse impact on our business, results of operations and financial condition.

We may experience software defects, development delays or installation difficulties, which would harm our business and reputation and expose us to potential liability.

Our services are based on sophisticated software and computing systems, and we may encounter delays when developing new applications and services. Further, the software underlying our services may contain undetected errors or defects when first introduced or when new versions are released. In addition, we may experience difficulties in installing or integrating our technology on systems used by our clients. Defects in our software, errors or delays in the processing of electronic transactions or other difficulties could result in interruption of business operations, delay in market acceptance, additional development and remediation costs, diversion of technical and other resources, loss of clients, negative publicity or exposure to liability claims. Although we attempt to limit our potential liability through disclaimers and limitation of liability provisions in our license and client agreements, we cannot be certain that these measures will successfully limit our liability.

A heightened regulatory environment in the financial services industry, including the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and related regulations, may have an adverse impact on our clients and our business.

Since the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), there have been substantial regulations affecting the supervision and operation of the financial services industry within the United States, including the establishment of a new federal bureau called the Consumer Financial Protection Bureau ("CFPB"). The CFPB has issued guidance that applies to "supervised service providers," which the CFPB has defined to include service providers, like us, to CFPB supervised banks and nonbanks. It is difficult to predict with certainty the extent to which the Dodd-Frank Act, the CFPB or the resulting regulations will impact our business or the businesses of our current and potential clients over the long term. In addition, federal and state agencies are pursuing additional cybersecurity regulations and are expected to continue to seek to impact client contract terms with service providers like us. If government agencies, including the CFPB, adopt additional rules and exercise supervisory authority over service providers like us, we could be subject to a greater degree of direct federal and state oversight than in the past, which could slow our ability to adapt to a rapidly changing industry, require us to make compliance investments and/or limit our fees or other revenue sources. To the extent these regulations negatively impact the business, operations or financial condition of our clients, our business and results of operations could be materially and adversely affected because, among other matters, our clients could have less capacity to purchase products and services from us, could decide to avoid or abandon certain lines of business, or could seek to pass on increased costs to us by negotiating price reductions. We could be required to invest a significant amount of time and resources to comply with additional regulations or oversight or to modify the manner in which we contract with or provide products and services to our clients; and such regulations could directly or indirectly limit how much we can charge for our services. We may not be able to update our existing products and services, or develop new ones, to satisfy our clients' needs. Any of these events, if realized, could have a material adverse effect on our business, results of operations and financial condition.

If we fail to comply with applicable regulations our businesses could be harmed.

We are generally not directly subject to federal or state regulations specifically applicable to financial institutions such as banks, thrifts and credit unions. However, as a provider of services to these financial institutions, we are subject to contractual requirements imposed by the financial institutions with respect to a number of state and federal regulations, including privacy laws, and our operations are examined on a regular basis by various state and federal regulatory authorities. Also, regulators are signaling interest in enforcing regulations directly against service providers to financial institutions, and any such direct enforcement could result in increased operating costs for us and additional restrictions on our business processes. If we fail to comply with any applicable regulations, we could be exposed to litigation or regulatory proceedings, our client relationships and reputation could be harmed, and we could be inhibited in our ability to obtain new clients, which could have a material adverse impact on our business, results of operations and financial condition. In addition, the future enactment of more restrictive laws or rules on the federal or state level, or, with respect to our international operations, in foreign jurisdictions on the national, provincial, state or other level, could have a material adverse impact on our business, results of operations and financial condition.

Our failure to comply with a series of complex regulations in our payments businesses could subject us to liability.

Certain of our subsidiaries are licensed as money transmitters in those states where such licensure is required. In connection with such licensure, we are required to demonstrate and maintain certain levels of net worth and liquidity and to file periodic reports. In addition, our direct-to-consumer payments businesses, including our walk-in bill payment, online bill payment and Popmoney person-to-person payment services, are subject to federal regulation in the United States, including anti-money laundering regulations and certain restrictions on transactions to or from certain individuals or entities. The complexity of these regulations will continue to increase our cost of doing business. In addition, any violations of law may result in civil or criminal penalties against us and our officers, or the prohibition against us providing money transmitter services in particular jurisdictions.

If we fail to comply with the applicable requirements of the payment card networks, they could seek to fine us, suspend us or terminate our registrations which could adversely affect our business.

We are subject to card association and network rules governing Visa, MasterCard, American Express, Discover or other similar organizations, including the Payment Card Industry Data Security Standard enforced by the major card brands. The rules of the card networks are set by their boards which may be influenced by card issuers, some of which offer competing transaction processing services. If we fail to comply with these rules, we could be fined, our certifications could be suspended, or our certifications could be terminated. The suspension or termination of our certifications, or any changes to the card association and network rules, that we do not successfully address, could limit our ability to provide transaction processing services to

clients and result in a reduction of revenue or increased costs of operation, which, in either case, could have a material adverse effect on our business and results of operations.

We may be sued for infringing the intellectual property rights of others.

Third parties may claim that we are infringing their intellectual property rights. We may expose ourselves to additional liability if we agree to indemnify our clients against third party infringement claims. If the owner of intellectual property establishes that we are, or a client which we are obligated to indemnify is, infringing its intellectual property rights, we may be forced to change our products or services, and such changes may be expensive or impractical, or we may need to seek royalty or license agreements from the owner of such rights. If we are unable to agree on acceptable terms, we may be required to discontinue the sale of key products or halt other aspects of our operations. We may also be liable for financial damages for a violation of intellectual property rights, and we may incur expenses in connection with indemnifying our clients against losses suffered by them. Any adverse result related to violation of third party intellectual property rights could materially and adversely harm our business, results of operations and financial condition. Even if intellectual property claims brought against us are without merit, they may result in costly and time consuming litigation and may require significant attention from our management and key personnel.

Misappropriation of our intellectual property and proprietary rights could impair our competitive position.

Our ability to compete depends upon proprietary systems and technology. We actively seek to protect our proprietary rights. Nevertheless, unauthorized parties may attempt to copy aspects of our services or to obtain and use information that we regard as proprietary. The steps we have taken may not prevent misappropriation of technology. Agreements entered into for that purpose may not be enforceable or provide us with an adequate remedy. Effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our applications and services are made available. Misappropriation of our intellectual property or potential litigation concerning such matters could have a material adverse effect on our business, results of operations and financial condition.

Acquisitions subject us to risks, including increased debt, assumption of unforeseen liabilities and difficulties in integrating operations.

A major contributor to our growth in revenue and earnings since our inception has been our ability to identify, acquire and integrate complementary businesses. We anticipate that we will continue to seek to acquire complementary businesses, products and services. We may not be able to identify suitable acquisition candidates or complete acquisitions in the future, which could adversely affect our future growth, or businesses that we acquire may not perform as well as expected or may be more difficult to integrate and manage than expected, which could adversely affect our business and results of operations. We may not be able to integrate all aspects of acquired businesses successfully or realize the potential benefits of bringing them together. In addition, the process of integrating these acquisitions may disrupt our business and divert our resources.

These risks may arise for a number of reasons: we may not be able to find suitable businesses to acquire at affordable valuations or on other acceptable terms; we face competition for acquisitions from other potential acquirers; we may need to borrow money or sell equity or debt securities to the public to finance future acquisitions and the terms of these financings may be adverse to us; changes in accounting, tax, securities or other regulations could increase the difficulty or cost for us to complete acquisitions; we may incur unforeseen obligations or liabilities in connection with acquisitions; we may need to devote unanticipated financial and management resources to an acquired business; we may not realize expected operating efficiencies or product integration benefits from an acquisition; we could enter markets where we have minimal prior experience; and we may experience decreases in earnings as a result of non-cash impairment charges.

We may be obligated to indemnify the purchasers of businesses pursuant to the terms of the relevant purchase and sale agreements.

We have in the past and may in the future sell businesses. In connection with sales of businesses, we may make representations and warranties about the businesses and their financial affairs and agree to retain certain liabilities associated with our operation of the businesses prior to their sale. Our obligation to indemnify the purchasers and agreement to retain liabilities could have a material adverse effect on our business, results of operations and financial condition.

The failure to attract and retain key personnel could have a material adverse effect on our business.

We depend on the experience, skill and contributions of our senior management and other key employees. If we fail to attract, motivate and retain highly qualified management, technical, compliance and sales personnel, our future success could be harmed. Our senior management provides strategic direction for our company, and if we lose members of our leadership team, our management resources may have to be diverted from other priorities to address this loss. Our products and services require

sophisticated knowledge of the financial services industry, applicable regulatory and industry requirements, computer systems, and software applications, and if we cannot hire or retain the necessary skilled personnel, we could suffer delays in new product development, experience difficulty complying with applicable requirements or otherwise fail to satisfy our clients' demands.

Our balance sheet includes significant amounts of goodwill and intangible assets. The impairment of a significant portion of these assets would negatively affect our results of operations.

Our balance sheet includes goodwill and intangible assets that represent 74% of our total assets at December 31, 2016. These assets consist primarily of goodwill and identified intangible assets associated with our acquisitions. On at least an annual basis, we assess whether there have been impairments in the carrying value of goodwill. In addition, we review intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of a significant portion of goodwill or intangible assets could have a material negative effect on our results of operations.

Increased leverage may harm our financial condition and results of operations.

As of December 31, 2016, we had approximately $4.6 billion of long-term debt, including current maturities. We and our subsidiaries may incur additional indebtedness in the future. Our indebtedness could: decrease our ability to obtain additional financing for working capital, capital expenditures, general corporate or other purposes; limit our flexibility to make acquisitions; increase our cash requirements to support the payment of interest; limit our flexibility in planning for, or reacting to, changes in our business and our industry; and increase our vulnerability to adverse changes in general economic and industry conditions. Our ability to make payments of principal and interest on our indebtedness depends upon our future performance, which will be subject to general economic conditions and financial, business and other factors affecting our consolidated operations, many of which are beyond our control. In addition, if our outstanding senior notes are downgraded to below investment grade, we may incur additional interest expense. If we are unable to generate sufficient cash flow from operations in the future to service our debt and meet our other cash requirements, we may be required, among other things: to seek additional financing in the debt or equity markets; to refinance or restructure all or a portion of our indebtedness; or to reduce or delay planned capital or operating expenditures. Such measures might not be sufficient to enable us to service our debt and meet our other cash requirements. In addition, any such financing, refinancing or sale of assets might not be available at all or on economically favorable terms.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2016, we operated data, development, item processing and support centers in approximately 110 cities. We owned six buildings, and the more than 120 remaining locations where we operated our businesses are subject to leases. We believe our facilities and equipment are well maintained and are in good operating condition. We believe that the computer equipment that we own and lease and our various facilities are adequate for our present and foreseeable business needs. We maintain our own, and contract with multiple service providers to provide, processing back-up in the event of a disaster. We also maintain copies of data and software used in our business in locations that are separate from our facilities.

Item 3. Legal Proceedings

In the normal course of business, we or our subsidiaries are named as defendants in lawsuits in which claims are asserted against us. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on our consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names of our executive officers as of February 16, 2017, together with their ages, positions and business experience are described below:

Name	Age	Title
Jeffery W. Yabuki	56	President, Chief Executive Officer and Director
Mark A. Ernst	58	Chief Operating Officer
Kevin P. Gregoire	49	Group President, Financial Institutions Group
Robert W. Hau	51	Chief Financial Officer and Treasurer
Lynn S. McCreary	57	Chief Legal Officer and Secretary
Devin B. McGranahan	47	Group President, Billing and Payments Group
Kevin J. Schultz	59	Group President, Digital Banking Group
Steven Tait	57	Chief Sales Officer and Group President, International Group
Byron C. Vielehr	53	Group President, Depository Institution Services Group

Mr. Yabuki has been a director and our President and Chief Executive Officer since 2005. Before joining Fiserv, Mr. Yabuki served as executive vice president and chief operating officer of H&R Block, Inc., a financial services firm, from 2002 to 2005. From 2001 to 2002, he served as executive vice president of H&R Block and from 1999 to 2001, he served as the president of H&R Block International. From 1987 to 1999, Mr. Yabuki held various executive positions with the American Express Company, a financial services firm, including president and chief executive officer of American Express Tax and Business Services, Inc.

Mr. Ernst has served as Chief Operating Officer since 2011. Prior to joining Fiserv, he served as deputy commissioner for operations support for the Internal Revenue Service from 2009 to 2010, where he was responsible for technology, operations, shared services, human resources and the chief financial office. From 2008 to 2009, he was chief executive officer of Bellevue Capital LLC, a private investment firm; from 2001 to 2007, he served as chairman, president and chief executive officer of H&R Block, Inc., a financial services firm; and from 1998 to 2000, he served as its chief operating officer. His experience, which includes executive positions with the American Express Company, a financial services firm, spans more than 25 years in the financial services industry.

Mr. Gregoire has served as Group President, Financial Institutions Group since 2014. Mr. Gregoire joined Fiserv in 2002 as part of its acquisition of EDS Consumer Network Services, which he joined in 1996. Mr. Gregoire has served in a number of leadership roles at Fiserv including as chief operating officer and then president of our Card Services business from 2010 to 2014. His background includes a number of diverse leadership roles in product development and management, sales and account management, settlement operations, risk management, and security and compliance.

Mr. Hau has served as Chief Financial Officer since March 2016. Before joining Fiserv, Mr. Hau served as executive vice president and chief financial officer at TE Connectivity Ltd., a global technology company that designs and manufactures highly engineered connectivity and sensor products, from 2012 to 2016. From 2009 to 2012, he served as executive vice president and chief financial officer at Lennox International Inc., a provider of products and services in the heating, air conditioning, and refrigeration markets; and from 2006 to 2009, he served as vice president and chief financial officer for the aerospace business group of Honeywell International, Inc., a technology and manufacturing company. Mr. Hau joined Honeywell (initially AlliedSignal) in 1987 and served in a variety of senior financial leadership positions, including vice president and chief financial officer for the company's aerospace electronic systems unit and for its specialty materials business group.

Ms. McCreary has served as Chief Legal Officer and Secretary since 2013. Ms. McCreary joined Fiserv in 2010 as senior vice president and deputy general counsel. Prior to joining Fiserv, Ms. McCreary was an attorney with the law firm of Bryan Cave LLP from 1996 to 2010, including serving as managing partner of its San Francisco, California office from its opening in 2008 to 2010. Ms. McCreary began her career in financial services with positions at Citicorp Person-to-Person and Metropolitan Life Insurance Company's mortgage subsidiary, Metmor Financial, Inc.

Mr. McGranahan has served as Group President, Billing and Payments Group since November 2016. Before joining Fiserv, Mr. McGranahan served as a senior partner at McKinsey & Company, a global management consulting firm, from 2006 to 2016. Most recently, he also held a variety of senior management roles at the firm, including leader of the global insurance practice from 2013 to 2016 and co-chair of the global senior partner election committee from 2013 to 2015. In addition, Mr. McGranahan served as co-leader of the North America financial services practice from 2009 to 2016. He joined McKinsey in

1992 and served in a variety of other leadership positions prior to 2009, including leader of the North American property and casualty practice and managing partner of the Pittsburgh office.

Mr. Schultz has served as Group President, Digital Banking Group since 2014. Prior to joining Fiserv, Mr. Schultz served as president of global financial services at First Data Corporation, a global payment processing company, from 2009 to 2011, and as global head of processing services at Visa Inc. from 2007 to 2009. He has more than 30 years of experience in the payments and financial services industry, including a variety of other senior leadership roles at Visa Inc. and Global Payments Inc., an electronic transaction processing service provider.

Mr. Tait assumed the role of Chief Sales Officer on January 1, 2017 and continues to serve as Group President, International Group, a position he has held since 2012. He joined Fiserv in 2009 as an executive vice president and served as Group President, Depository Institution Services Group from 2010 to 2011. Prior to joining Fiserv, Mr. Tait served as president of RSM McGladrey, a subsidiary of H&R Block Inc., from 2003 to 2009, and executive vice president, sales and client operations of Gartner, Inc. from 2001 to 2003.

Mr. Vielehr has served as Group President, Depository Institution Services Group since 2013. Prior to joining Fiserv, Mr. Vielehr served in a succession of senior executive positions with The Dun & Bradstreet Corporation, a provider of commercial information and business insight solutions, from 2005 to 2013, most recently as president of international and global operations, and as president and chief operating officer of Northstar Systems International, Inc., a developer of wealth management software and now part of SEI Investments Company, from 2004 to 2005.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Price Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "FISV." Set forth below is the high and low sales price of our common stock during the periods presented.

	2016		2015	
Quarter Ended	**High**	**Low**	**High**	**Low**
March 31	$ 102.88	$ 85.63	$ 80.97	$ 69.13
June 30	108.85	96.34	86.39	76.92
September 30	111.51	97.73	90.54	77.96
December 31	109.11	92.81	97.76	85.41

At December 31, 2016, our common stock was held by 2,016 shareholders of record and by a significantly greater number of shareholders who hold shares in nominee or street name accounts with brokers. The closing price of our common stock on February 16, 2017 was $111.25 per share. We have never paid dividends on our common stock, and we do not anticipate paying dividends in the foreseeable future. For additional information regarding our expected use of capital, refer to the discussion in this report under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

Issuer Purchases of Equity Securities

The table below sets forth information with respect to purchases made by or on behalf of us or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934) of shares of our common stock during the three months ended December 31, 2016:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
October 1-31, 2016	1,168,000	$ 99.31	1,168,000	6,914,000
November 1-30, 2016	806,000	101.63	806,000	21,108,000
December 1-31, 2016	630,000	106.19	630,000	20,478,000
Total	2,604,000		2,604,000	

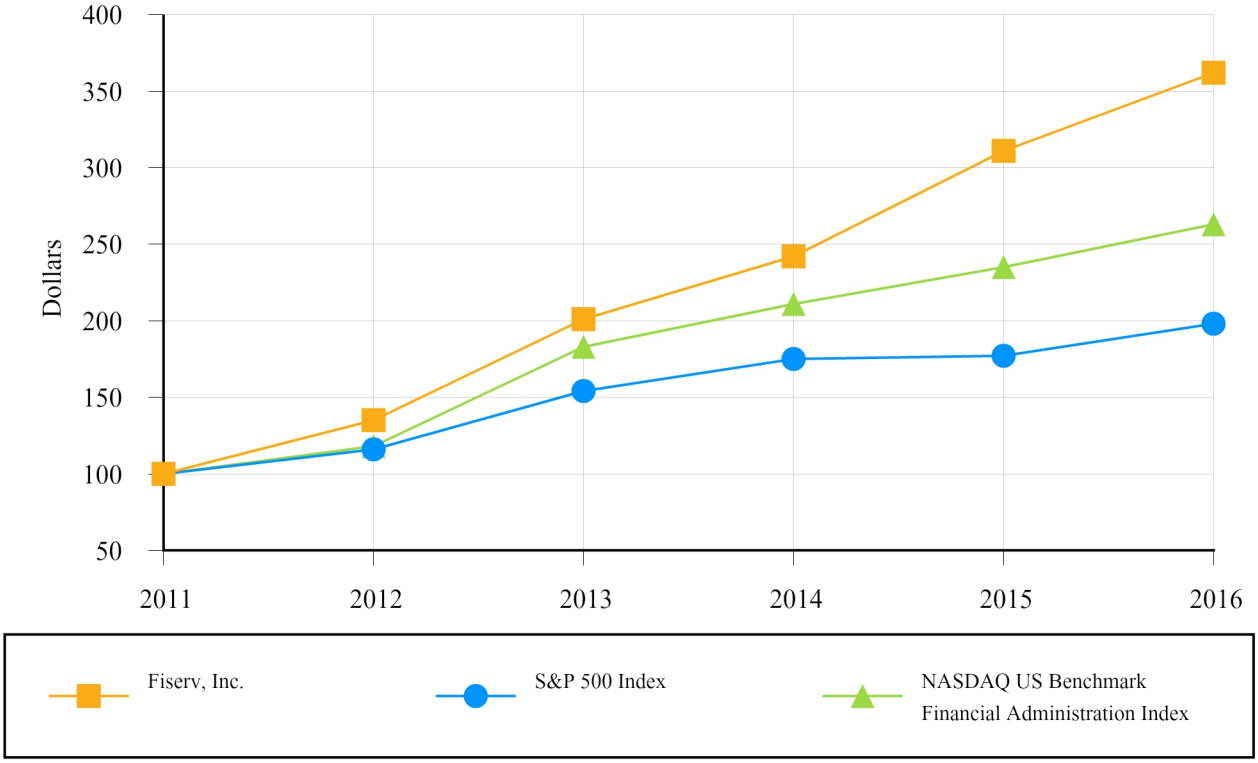
(1) On each of November 18, 2015 and November 16, 2016, our board of directors authorized the purchase of up to 15.0 million shares of our common stock. These authorizations do not expire.

Stock Performance Graph

The stock performance graph and related information presented below is not deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934 and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate it by reference into such a filing.

The following graph compares the cumulative total shareholder return on our common stock for the five years ended December 31, 2016 with the S&P 500 Index and the NASDAQ US Benchmark Financial Administration Index. The graph assumes that $100 was invested on December 31, 2011 in our common stock and each index and that all dividends were reinvested. No cash dividends have been declared on our common stock. The comparisons in the graph are required by the Securities and Exchange Commission and are not intended to forecast or be indicative of possible future performance of our common stock.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN AMONG FISERV, INC., S&P 500 INDEX, AND NASDAQ US BENCHMARK FINANCIAL ADMINISTRATION INDEX
(ASSUMES INITIAL INVESTMENT OF $100 AND REINVESTMENT OF DIVIDENDS)



	December 31,					
	2011	2012	2013	2014	2015	2016
Fiserv, Inc.	$ 100	$ 135	$ 201	$ 242	$ 311	$ 362
S&P 500 Index	100	116	154	175	177	198
NASDAQ US Benchmark Financial Administration Index	100	118	183	211	235	263

Item 6. Selected Financial Data

The following data, which has been affected by acquisitions and dispositions including certain transactional gains recorded by our unconsolidated affiliate, should be read in conjunction with the consolidated financial statements and accompanying notes included elsewhere in this Annual Report on Form 10-K. All per share amounts are presented on a split-adjusted basis to retroactively reflect the two-for-one stock split that was completed in the fourth quarter of 2013. Total assets and long-term debt have been adjusted on a retrospective basis for the adoption of Accounting Standards Update ("ASU") No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, and ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* effective December 31, 2015. Accordingly, current deferred tax assets have been reclassified to noncurrent assets and liabilities, and certain debt issuance costs previously included within other long-term assets have been reclassified as a reduction in long-term debt.

(In millions, except per share data)	2016	2015	2014	2013	2012
Total revenue	$ 5,505	$ 5,254	$ 5,066	$ 4,814	$ 4,436
Income from continuing operations	$ 930	$ 712	$ 754	$ 650	$ 592
(Loss) income from discontinued operations	—	—	—	(2)	19
Net income	$ 930	$ 712	$ 754	$ 648	$ 611
Net income (loss) per share - basic:					
Continuing operations	$ 4.22	$ 3.04	$ 3.04	$ 2.48	$ 2.18
Discontinued operations	—	—	—	(0.01)	0.07
Total	$ 4.22	$ 3.04	$ 3.03	$ 2.47	$ 2.25
Net income (loss) per share - diluted:					
Continuing operations	$ 4.15	$ 2.99	$ 2.99	$ 2.44	$ 2.15
Discontinued operations	—	—	—	(0.01)	0.07
Total	$ 4.15	$ 2.99	$ 2.98	$ 2.44	$ 2.22
Total assets	$ 9,743	$ 9,340	$ 9,308	$ 9,466	$ 8,542
Long-term debt (including current maturities)	4,562	4,293	3,790	3,831	3,213
Shareholders' equity	2,541	2,660	3,295	3,585	3,417

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of financial condition and results of operations is provided as a supplement to our consolidated financial statements and accompanying notes to help provide an understanding of our financial condition, the changes in our financial condition and our results of operations. Our discussion is organized as follows:

- *Overview*. This section contains background information on our company and the services and products that we provide, our enterprise priorities and the trends affecting our industry in order to provide context for management's discussion and analysis of our financial condition and results of operations.
- *Critical accounting policies and estimates*. This section contains a discussion of the accounting policies that we believe are important to our financial condition and results of operations and that require judgment and estimates on the part of management in their application. In addition, all of our significant accounting policies, including critical accounting policies, are summarized in Note 1 to the accompanying consolidated financial statements.
- *Results of operations*. This section contains an analysis of our results of operations presented in the accompanying consolidated statements of income by comparing the results for the year ended December 31, 2016 to the results for the year ended December 31, 2015 and by comparing the results for the year ended December 31, 2015 to the results for the year ended December 31, 2014.
- *Liquidity and capital resources*. This section provides an analysis of our cash flows and a discussion of our outstanding debt and commitments at December 31, 2016.

Overview

Company Background

We are a leading global provider of financial services technology. We provide account processing systems, electronic payments processing products and services, internet and mobile banking systems, and related services. We serve over 12,000 clients worldwide, including banks, thrifts, credit unions, investment management firms, leasing and finance companies, retailers, merchants, mutual savings banks, and building societies. The majority of our revenue is generated from recurring account- and transaction-based fees under contracts that generally have terms of three to five years and high renewal rates. Most of the services we provide are necessary for our clients to operate their businesses and are, therefore, non-discretionary in nature.

Our operations are principally located in the United States and are comprised of the Payments and Industry Products ("Payments") segment and the Financial Institution Services ("Financial") segment. The Payments segment primarily provides electronic bill payment and presentment services, internet and mobile banking software and services, person-to-person payment services, debit and credit card processing and services, and other electronic payments software and services. Our businesses in this segment also provide card and print personalization services, investment account processing services for separately managed accounts, and fraud and risk management products and services. The Financial segment provides banks, thrifts, credit unions, and leasing and finance companies with account processing services, item processing and source capture services, loan origination and servicing products, cash management and consulting services, and other products and services that support numerous types of financial transactions. Corporate and Other primarily consists of unallocated corporate expenses including share-based compensation, amortization of acquisition-related intangible assets, intercompany eliminations and other costs that are not considered when management evaluates segment performance.

During the first quarter of 2016, we acquired two businesses for an aggregate purchase price of $265 million. We acquired the Convenience Pay Services business of Hewlett Packard Enterprise Company, which enables providers to accept electronic payments from their consumers through multiple channels, thereby expanding our biller solution offerings. We also completed our purchase of the Community Financial Services business of ACI Worldwide, Inc., further enhancing our suite of digital banking and payments solutions.

During 2016, StoneRiver Group, L.P. ("StoneRiver"), a joint venture in which we own a 49% interest and account for under the equity method, recognized a net gain on the sale of a business interest, and in 2015 and 2014, recognized net gains on the sales of subsidiary businesses. Our pre-tax share of the net gains and related expenses on these transactions was $146 million in 2016, $29 million in 2015 and $87 million in 2014, with related tax expenses of $54 million, $13 million and $36 million, respectively. In addition, we received cash dividends of $151 million, $36 million and $110 million in 2016, 2015 and 2014, respectively, from StoneRiver, which were funded from the sale transactions.

Enterprise Priorities

We continue to implement a series of strategic initiatives to help accomplish our mission of providing integrated technology and services solutions that enable best-in-class results for our clients. These strategic initiatives include active portfolio management of our businesses, enhancing the overall value of our existing client relationships, improving operational effectiveness, being disciplined in our allocation of capital, and differentiating our products and services through innovation. Our key enterprise priorities for 2017 are: (i) to continue to build high-quality revenue while meeting our earnings goals; (ii) to enhance client relationships with an emphasis on digital and payment solutions; and (iii) to deliver innovation and integration which enables differentiated value for our clients.

Industry Trends

The market for products and services offered by financial institutions continues to evolve rapidly. The financial industry regularly introduces and implements new payment, deposit, lending, investment and risk management products, and the distinctions among the products and services traditionally offered by different types of financial institutions continue to narrow as they seek to serve the same customers. At the same time, regulatory conditions and cybersecurity scrutiny have continued to create a challenging operating environment for financial institutions. For example, legislation such as the Dodd-Frank Wall Street Reform and Consumer Protection Act has generated, and may continue to generate, new regulations impacting the financial industry. These conditions, along with mild economic improvement, have created heightened interest in solutions that help financial institutions win and retain customers, generate incremental revenue, comply with regulations and enhance operating efficiency. Examples of these solutions include our electronic payments solutions and channels such as internet, mobile and tablet banking, sometimes referred to as "digital channels."

This increased focus on digital channels by both financial institutions and their customers, as well as the growing volume and types of payment transactions in the marketplace, have increased the data and transaction processing needs of financial

institutions. We expect that financial institutions will continue to invest significant capital and human resources to process transactions, manage information, maintain regulatory compliance and offer innovative new services to their customers in this rapidly evolving and competitive environment. We anticipate that we will benefit over the long term from the trend of financial institutions moving from in-house technology to outsourced solutions as they seek to remain current on technology changes amidst an evolving marketplace. We believe that economies of scale in developing and maintaining the infrastructure, technology, products, services and networks necessary to be competitive in such an environment are essential to justify these investments, and we anticipate that demand for products that facilitate customer interaction with financial institutions, including electronic transactions through digital channels, will continue to increase, which we expect to create revenue opportunities for us. Based on these market conditions, we believe that our sizable and diverse client base, combined with our position as a leading provider of non-discretionary, recurring revenue-based products and services, gives us a solid foundation for growth. Furthermore, we believe that the integration of our products and services creates a compelling value proposition for our clients.

In addition to the trends described above, the financial institutions marketplace has experienced change in composition as well. During the past 25 years, the number of financial institutions in the United States has declined at a relatively steady rate of approximately 3% per year, primarily as a result of voluntary mergers and acquisitions. Rather than reducing the overall market, these consolidations have transferred accounts among financial institutions. An acquisition benefits us when a newly combined institution is processed on our system, or elects to move to one of our systems, and negatively impacts us when a competing system is selected. Financial institution acquisitions also impact our financial results due to early contract termination fees in our multi-year client contracts, which are primarily generated when an existing client with a multi-year contract is acquired by another financial institution. These fees can vary from period to period based on the number and size of clients that are acquired and how early in the contract term the contract is terminated. Our revenue is diversified, and our focus on long-term client relationships and recurring, transaction-oriented products and services has reduced the impact that consolidation in the financial services industry has had on us. We have clients that span the entire range of financial institutions in terms of asset size and business model, and our 50 largest financial institution clients represent less than 25% of our annual revenue. In addition, we believe that our products and services can assist financial institutions with the regulatory and market challenges that they currently face by providing, among other things, new sources of revenue and opportunities to reduce their costs.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States, which require management to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, revenue and expenses. We continually evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements and base our estimates on historical experience and assumptions that we believe are reasonable in light of current circumstances. Actual amounts and results could differ materially from these estimates.

Acquisitions

From time to time, we make strategic acquisitions that may have a material impact on our consolidated results of operations or financial position. We allocate the purchase price of acquired businesses to the assets acquired and liabilities assumed in the transaction at their estimated fair values. The estimates used to determine the fair value of long-lived assets, such as intangible assets, can be complex and require significant judgments. We use information available to us to make fair value determinations and engage independent valuation specialists, when necessary, to assist in the fair value determination of significant acquired long-lived assets. While we use our best estimates and assumptions as a part of the purchase price allocation process, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of income. We are also required to estimate the useful lives of intangible assets to determine the amount of acquisition-related intangible asset amortization expense to record in future periods. We periodically review the estimated useful lives assigned to our intangible assets to determine whether such estimated useful lives continue to be appropriate.

Goodwill and Acquired Intangible Assets

We review the carrying value of goodwill for impairment annually, or more frequently if events or circumstances indicate the carrying value may not be recoverable. Goodwill is tested for impairment at a reporting unit level, determined to be at an operating segment level or one level below. When reviewing goodwill for impairment, we consider the amount of excess fair value over the carrying value of each reporting unit, the period of time since a reporting unit's last quantitative test, the extent

to which a reorganization or disposition changes the composition of one or more of our reporting units, and other factors to determine whether or not to first perform a qualitative test. When performing a qualitative test, we assess numerous factors to determine whether it is more likely than not that the fair value of our reporting units are less than their respective carrying values. Examples of qualitative factors that we assess include our share price, our financial performance, market and competitive factors in our industry, and other events specific to our reporting units. If we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we perform a two-step quantitative impairment test.

The first step in the quantitative test is to compare the fair value of the reporting unit to its carrying value. We determine the fair value of a reporting unit based primarily on the present value of estimated future cash flows. If the fair value of the reporting unit exceeds the carrying value of the reporting unit's net assets, goodwill of that reporting unit is not impaired and further testing is not required. If the carrying value of the reporting unit's net assets exceeds the fair value of the reporting unit, then we perform the second step of the quantitative test to determine the implied fair value of the reporting unit's goodwill and any impairment charge. Determining the fair value of a reporting unit involves judgment and the use of significant estimates and assumptions, which include assumptions regarding the revenue growth rates and operating margins used to calculate estimated future cash flows, risk-adjusted discount rates and future economic and market conditions.

Our most recent impairment assessment in the fourth quarter of 2016 determined that our goodwill was not impaired. The estimated fair values of the respective reporting units substantially exceeded the carrying values, except for a single reporting unit that exceeded the carrying value to a lesser magnitude given the short passage of time between the recent acquisition date and when we performed our most recent annual impairment assessment.

We review acquired intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Recoverability is assessed by comparing the carrying amount of the asset to the undiscounted future cash flows expected to be generated by the asset. Measurement of any impairment loss is based on estimated fair value. Given the significance of our goodwill and intangible asset balances, an adverse change in fair value could result in an impairment charge, which could be material to our consolidated financial statements.

Revenue Recognition

The majority of our revenue is generated from monthly account- and transaction-based fees. Revenue is recognized as services are provided and is primarily recognized under service agreements that are long-term in nature, generally three to five years, and that do not require management to make significant judgments or assumptions. At times, however, judgment is exercised in evaluating revenue recognition, such as when a contract arrangement includes multiple product and service deliverables. Due to the quantity, size and nature of our multiple element arrangements, the judgments we make in this regard are not likely to have a material impact on revenue recognition for any individual element. Additionally, given the nature of our business and the rules governing revenue recognition, our revenue recognition practices generally do not involve significant estimates that materially affect our results of operations. Additional information about our revenue recognition policies is included in Note 1 to the consolidated financial statements.

Results of Operations

Components of Revenue and Expenses

The following summary describes the components of revenue and expenses as presented in our consolidated statements of income.

Processing and Services

Processing and services revenue, which in 2016 represented 84% of our total revenue, is primarily generated from account- and transaction-based fees under contracts that generally have terms of three to five years. Revenue is recognized when the related transactions are processed and services have been performed. Processing and services revenue is most reflective of our business performance as a significant amount of our total operating profit is generated by these services. Cost of processing and services includes costs directly associated with providing services to clients and includes the following: personnel; equipment and data communication; infrastructure costs, including costs to maintain software applications; client support; depreciation and amortization; and other operating expenses.

Product

Product revenue, which in 2016 represented 16% of our total revenue, is primarily derived from integrated print and card production sales, as well as software license sales which represented less than 4% of our total revenue. Cost of product includes costs directly associated with the products sold and includes the following: costs of materials and software development; personnel; infrastructure costs; depreciation and amortization; and other costs directly associated with product revenue.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of: salaries, wages, commissions and related expenses paid to sales personnel, administrative employees and management; advertising and promotional costs; depreciation and amortization; and other selling and administrative expenses.

Financial Results

The following table presents certain amounts included in our consolidated statements of income, the relative percentage that those amounts represent to revenue and the change in those amounts from year to year. This information should be read together with the consolidated financial statements and accompanying notes.

(In millions)				**Percentage of Revenue** [1]			**Increase (Decrease)**			
Year ended December 31,	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**	**2016 vs. 2015**		**2015 vs. 2014**	
Revenue:										
Processing and services	$ 4,625	$ 4,411	$ 4,219	84.0 %	84.0 %	83.3 %	$ 214	5 %	$ 192	5%
Product	880	843	847	16.0 %	16.0 %	16.7 %	37	4 %	(4)	—
Total revenue	5,505	5,254	5,066	100.0 %	100.0 %	100.0 %	251	5 %	188	4%
Expenses:										
Cost of processing and services	2,212	2,178	2,164	47.8 %	49.4 %	51.3 %	34	2 %	14	1%
Cost of product	747	731	717	84.9 %	86.7 %	84.7 %	16	2 %	14	2%
Sub-total	2,959	2,909	2,881	53.8 %	55.4 %	56.9 %	50	2 %	28	1%
Selling, general and administrative	1,101	1,034	975	20.0 %	19.7 %	19.2 %	67	6 %	59	6%
Total expenses	4,060	3,943	3,856	73.8 %	75.1 %	76.1 %	117	3 %	87	2%
Operating income	1,445	1,311	1,210	26.2 %	24.9 %	23.9 %	134	10 %	101	8%
Interest expense	(163)	(170)	(164)	(3.0)%	(3.2)%	(3.2)%	(7)	(4)%	6	4%
Interest and investment (loss) income, net	(7)	1	1	(0.1)%	—	—	(8)	(800)%	—	—
Loss on early debt extinguishment	—	(85)	—	—	(1.6)%	—	(85)	(100)%	85	—
Income from continuing operations before income taxes and income from investment in unconsolidated affiliate	$ 1,275	$ 1,057	$ 1,047	23.2 %	20.1 %	20.7 %	$ 218	21 %	$ 10	1%

(1) Percentage of revenue is calculated as the relevant revenue, expense, income or loss amount divided by total revenue, except for cost of processing and services and cost of product amounts which are divided by the related component of revenue.

(In millions)

Year ended December 31,	Payments	Financial	Corporate and Other	Total
Total revenue:				
2016	$ 3,090	$ 2,477	$ (62)	$ 5,505
2015	2,862	2,443	(51)	5,254
2014	2,747	2,367	(48)	5,066
Revenue growth:				
2016	$ 228	$ 34	$ (11)	$ 251
2016 percentage	8%	1 %		5%
2015	$ 115	$ 76	$ (3)	$ 188
2015 percentage	4%	3 %		4%
Operating income:				
2016	$ 943	$ 823	$ (321)	$ 1,445
2015	840	826	(355)	1,311
2014	768	773	(331)	1,210
Operating income growth:				
2016	$ 103	$ (3)	$ 34	$ 134
2016 percentage	12%	— %		10%
2015	$ 72	$ 53	$ (24)	$ 101
2015 percentage	9%	7 %		8%
Operating margin:				
2016	30.5%	33.2 %		26.2%
2015	29.3%	33.8 %		24.9%
2014	28.0%	32.6 %		23.9%
Operating margin growth: (1)				
2016	120 bps	(60) bps		130 bps
2015	130 bps	120 bps		100 bps

(1) Represents the basis point growth or decline in operating margin.

Total Revenue

Total revenue increased $251 million, or 5%, in 2016 and increased $188 million, or 4%, in 2015 compared to the prior years. The increase in total revenue during 2016 was due to 8% revenue growth in our Payments segment and 1% revenue growth in our Financial segment as compared to 2015. The increase in total revenue during 2015 was attributable to 4% revenue growth in our Payments segment and 3% revenue growth in our Financial segment as compared to 2014.

Revenue in our Payments segment increased $228 million, or 8%, in 2016 and increased $115 million, or 4%, in 2015 compared to the prior years. Payments segment revenue growth during 2016 and 2015 was driven by our recurring revenue businesses as processing and services revenue increased $175 million, or 8%, and increased $129 million, or 6%, respectively, over the prior years. The growth in both years was primarily due to new client additions and increased transaction volumes from existing clients in our card services, electronic payments and digital channels businesses, as well as our biller solutions business in 2015. In 2016, Payments segment revenue growth was positively impacted by revenue from acquired businesses totaling $86 million and an increase in product revenue of $53 million, or 8%, compared to 2015, primarily due to increased volumes in our output solutions business, including a higher level of card manufacturing and personalization. The revenue growth in 2015 was partially offset by lower software license revenue as compared to 2014.

Revenue in our Financial segment increased $34 million, or 1%, in 2016 and increased $76 million, or 3% in 2015 compared to the prior years. In both 2016 and 2015, Financial segment revenue growth was favorably impacted by increased processing and services revenue in our account processing and lending businesses, including higher contract termination fee revenue in 2015, as compared to the prior years. This growth was partially offset by lower revenue in our international business in 2016 and by negative foreign currency fluctuations of approximately 70 basis points in 2015.

Total Expenses

Total expenses increased $117 million, or 3%, in 2016 compared to 2015 and increased $87 million, or 2%, in 2015 compared to 2014. Total expenses as a percentage of total revenue was 73.8%, 75.1% and 76.1% in 2016, 2015 and 2014, respectively.

Cost of processing and services as a percentage of processing and services revenue decreased to 47.8% in 2016 compared to 49.4% in 2015 and 51.3% in 2014. Cost of processing and services as a percentage of processing and services revenue was favorably impacted in both 2016 and 2015 by increased operating leverage in our recurring revenue businesses, as well as by operating efficiency initiatives across the company that have benefited our overall cost structure. Cost of processing and services as a percentage of processing and services revenue in 2016 was also favorably impacted by lower amortization related to certain fully amortized acquisition-related intangible assets.

Cost of product as a percentage of product revenue was 84.9% in 2016 compared to 86.7% in 2015 and 84.7% in 2014. Cost of product as a percentage of product revenue was favorably impacted in 2016 by an increase in higher-margin software license revenue and negatively impacted in 2015 by increased expenses in our output solutions business associated with additional investments to expand our card manufacturing and personalization capacity.

Selling, general and administrative expenses as a percentage of total revenue was 20.0%, 19.7% and 19.2% in 2016, 2015 and 2014, respectively. The increase in selling, general and administrative expenses as a percentage of total revenue was primarily due to acquisition and related integration costs in 2016 as compared to 2015 and increased share-based compensation and incremental costs associated with data center and real estate consolidation activities in 2015 as compared to 2014.

Operating Income and Operating Margin

Total operating income increased $134 million, or 10%, in 2016 and increased $101 million, or 8%, in 2015 compared to the prior years. Total operating margin increased to 26.2% in 2016 from 24.9% in 2015 and 23.9% in 2014. Operating income and operating margin improvements in 2016 and 2015 were driven by revenue growth and operational effectiveness initiatives.

Operating income in our Payments segment increased $103 million, or 12%, and increased $72 million, or 9%, in 2016 and 2015, respectively, compared to the prior years. Operating margins were 30.5%, 29.3% and 28.0% in 2016, 2015 and 2014, respectively, improving 120 basis points in 2016 and 130 basis points in 2015. The increases in operating income and operating margin in 2016 and 2015 were primarily due to revenue growth and scale efficiencies in a number of our businesses, along with increased volumes and product mix in our output solutions business in 2016. Payments segment operating margin improvement was partially offset in 2016 by the dilutive margin impact from acquisitions and in 2015 by increased expenses associated with additional investments in our biller and output solutions businesses, along with a decrease in higher-margin software license revenue compared to the prior year.

Operating income in our Financial segment was generally consistent in 2016 and increased $53 million, or 7%, in 2015 compared to the prior years. Operating margins were 33.2%, 33.8% and 32.6% in 2016, 2015 and 2014, respectively, decreasing 60 basis points in 2016 and improving 120 basis points in 2015. Operating income and operating margin in 2016 were negatively impacted by product mix, lower international revenue and increased expenses associated with incremental investments in innovation-based solutions. Operating income and operating margin were positively impacted in 2015 by revenue growth, including higher contract termination fee revenue, along with operational effectiveness initiatives and scale efficiencies primarily in our account processing businesses.

The operating loss in Corporate and Other decreased $34 million in 2016 and increased $24 million in 2015 compared to the prior years. The operating loss improvement in 2016 was primarily due to lower amortization related to certain fully amortized acquisition-related intangible assets, partially offset by acquisition and related integration costs, including a $10 million non-cash impairment charge associated with the decision to replace existing software with an acquired solution. The operating loss increase in 2015 was attributable to increased costs incurred in conjunction with the achievement of our operational effectiveness objectives, including incremental costs related to data center and real estate consolidation activities, as compared to the prior year.

Interest Expense

Interest expense decreased $7 million in 2016 and increased $6 million in 2015 compared to the prior years. The higher interest expense in 2015 was primarily due to the reclassification of $7 million to interest expense for unamortized losses on settled cash flow hedges related to the early extinguishment of debt.

Interest and Investment (Loss) Income

The net interest and investment loss in 2016 was attributable to a non-cash write-off of a $7 million cost-method investment.

Loss on Early Debt Extinguishment

In May 2015, we redeemed our $600 million aggregate principal amount of 3.125% senior notes due in 2016 and $500 million aggregate principal amount of 6.8% senior notes due in 2017, which resulted in a pre-tax loss on early debt extinguishment of $85 million related to make-whole payments and other costs associated with redemption.

Income Tax Provision

Income tax provision as a percentage of income from continuing operations before income from investment in unconsolidated affiliate was 38.6% in 2016, 35.7% in 2015 and 36.6% in 2014. The higher rate in 2016 and lower rate in 2015 compared to the prior years were primarily due to the level of income tax expense associated with our share of the net gains on the sales by our unconsolidated affiliate, StoneRiver, of a business interest in 2016 and subsidiary businesses in 2015.

Income from Investment in Unconsolidated Affiliate

Our share of the income of StoneRiver was $147 million, $32 million and $91 million in 2016, 2015 and 2014, respectively. During 2016, StoneRiver recognized a net gain on the sale of a business interest, and in 2015 and 2014, recognized net gains on the sales of subsidiary businesses. Our pre-tax share of the net gains and related expenses on these transactions was $146 million in 2016, $29 million in 2015 and $87 million in 2014.

Net Income Per Share - Diluted from Continuing Operations

Net income per share-diluted from continuing operations was $4.15 in 2016 and $2.99 in both 2015 and 2014. Net income per share-diluted from continuing operations was favorably impacted from our share of net investments gains, primarily from StoneRiver capital transactions, of $0.39, $0.07 and $0.20 per share in 2016, 2015 and 2014, respectively, and was negatively impacted in 2016 by merger and integration costs of $0.17 per share and in 2015 by debt extinguishment and refinancing costs of $0.25 per share. The amortization of acquisition-related intangible assets also reduced net income per share-diluted from continuing operations by $0.46, $0.53 and $0.52 per share in 2016, 2015 and 2014, respectively.

Liquidity and Capital Resources

General

Our primary liquidity needs are: (i) to fund normal operating expenses; (ii) to meet the interest and principal requirements of our outstanding indebtedness; and (iii) to fund capital expenditures and operating lease payments. We believe these needs will be satisfied using cash flow generated by our operations, along with our cash and cash equivalents of $300 million and available borrowings under our revolving credit facility of $1.4 billion at December 31, 2016. The following table summarizes our operating cash flow and capital expenditure amounts for the years ended December 31, 2016 and 2015, respectively.

	Year Ended December 31,		Increase (Decrease)	
(In millions)	**2016**	**2015**	**$**	**%**
Net income	$ 930	$ 712	$ 218	
Depreciation and amortization	411	417	(6)	
Share-based compensation	68	65	3	
Excess tax benefits from share-based awards	(51)	(38)	(13)	
Deferred income taxes	21	20	1	
Income from investment in unconsolidated affiliate	(147)	(32)	(115)	
Dividends from unconsolidated affiliate	151	36	115	
Non-cash impairment charges	17	6	11	
Loss on early debt extinguishment	—	85	(85)	
Net changes in working capital and other	31	75	(44)	
Operating cash flow	$ 1,431	$ 1,346	$ 85	6 %
Capital expenditures	$ 290	$ 359	$ (69)	(19)%

Our net cash provided by operating activities, or operating cash flow, was $1.43 billion in 2016, an increase of 6% compared with $1.35 billion in 2015. This increase was primarily due to improved operating results and an increase in cash dividends

received from our StoneRiver joint venture, partially offset by lower cash inflow from net working capital changes primarily related to timing of receivable collections.

Our current policy is to use our operating cash flow primarily to fund capital expenditures, share repurchases and acquisitions and to repay debt rather than to pay dividends. Our capital expenditures were approximately 5% and 7% of our total revenue in 2016 and 2015, respectively. Capital expenditures in 2015 include $70 million related to our Atlanta facility consolidation, consisting primarily of leasehold improvements and furniture and equipment, of which $25 million is offset by landlord reimbursements included in net changes in working capital and other.

In 2016 and 2015, we received cash dividends of $151 million and $36 million, respectively, from our StoneRiver joint venture. These dividends, in their entirety, represented returns on our investment and are reported in cash flows from operating activities. In addition, we acquired the Convenience Pay Services business of Hewlett Packard Enterprise Company and the Community Financial Services business of ACI Worldwide, Inc. for an aggregate purchase price of $265 million during 2016. We funded these acquisitions by utilizing a combination of available cash and existing availability under our revolving credit facility.

Share Repurchases

We purchased $1.20 billion and $1.47 billion of our common stock in 2016 and 2015, respectively. On each of November 18, 2015 and November 16, 2016, our board of directors authorized the purchase of up to 15.0 million shares of our common stock. As of December 31, 2016, we had approximately 20.5 million shares remaining under these authorizations. Shares repurchased are generally held for issuance in connection with our equity plans.

Indebtedness

	December 31,	
(In millions)	**2016**	**2015**
Revolving credit facility	$ 647	$ 379
Term loan	629	628
2.7% senior notes due 2020	845	843
4.625% senior notes due 2020	448	448
4.75% senior notes due 2021	398	397
3.5% senior notes due 2022	695	694
3.85% senior notes due 2025	893	893
Other borrowings	7	11
Long-term debt (including current maturities)	$ 4,562	$ 4,293

At December 31, 2016, our long-term debt consisted primarily of $3.3 billion of senior notes, $647 million of revolving credit facility borrowings and $629 million of term loan borrowings. We were in compliance with all financial debt covenants during 2016.

Revolving Credit Facility

We maintain a $2.0 billion revolving credit agreement with a syndicate of banks that matures in April 2020. Borrowings under the revolving credit facility bear interest at a variable rate based on LIBOR or on a base rate, plus a specified margin based on our long-term debt rating in effect from time to time. The variable interest rate on the revolving credit facility borrowings was 1.81% at December 31, 2016. There are no significant commitment fees and no compensating balance requirements. The revolving credit facility contains various restrictions and covenants that require us, among other things, to: (i) limit our consolidated indebtedness as of the end of each fiscal quarter to no more than three and one-half times consolidated net earnings before interest, taxes, depreciation and amortization and certain other adjustments during the period of four fiscal quarters then ended, and (ii) maintain consolidated net earnings before interest, taxes, depreciation and amortization and certain other adjustments of at least three times consolidated interest expense as of the end of each fiscal quarter for the period of four fiscal quarters then ended.

Term Loan

We maintain a term loan with a syndicate of banks that matures in October 2018 and bears interest at a variable rate based on LIBOR or on a base rate, plus a specified margin based on our long-term debt rating in effect from time to time. The variable interest rate on the term loan borrowings was 2.02% at December 31, 2016. A scheduled principal payment of $90 million is

due on December 31, 2017, with the outstanding principal balance of $540 million due at maturity. The term loan facility contains various restrictions and covenants substantially similar to those contained in the revolving credit facility described above.

Senior Notes

In May 2015, we completed an offering of $1.75 billion of senior notes comprised of $850 million aggregate principal amount of 2.7% senior notes due in June 2020 and $900 million aggregate principal amount of 3.85% senior notes due in June 2025. The notes pay interest at the stated rates semi-annually on June 1 and December 1, which commenced on December 1, 2015. Our 4.625% senior notes due in October 2020 and 3.5% senior notes due in October 2022 pay interest at the stated rates on April 1 and October 1 of each year. Our 4.75% senior notes due in June 2021 pay interest at the stated rate on June 15 and December 15 of each year. The interest rates applicable to the senior notes are subject to an increase of up to two percent in the event that our credit rating is downgraded below investment grade. The indentures governing the senior notes contain covenants that, among other matters, limit (i) our ability to consolidate or merge into, or convey, transfer or lease all or substantially all of our properties and assets to, another person; (ii) our and certain of our subsidiaries' ability to create or assume liens, and (iii) our and certain of our subsidiaries' ability to engage in sale and leaseback transactions. In October 2015, we used our available borrowings under the revolving credit facility to repay the $300 million aggregate principal amount of 3.125% senior notes.

In May 2015, we used the net proceeds from the offering described above to redeem our $600 million aggregate principal amount of 3.125% senior notes due in June 2016 and $500 million aggregate principal amount of 6.8% senior notes due in November 2017. We recorded a pre-tax loss on early debt extinguishment of $85 million related to make-whole payments and other costs associated with this redemption. In addition, we paid scheduled December 2015 and December 2016 principal payments on the term loan totaling $180 million and repaid, at that time, outstanding borrowings under the revolving credit facility. The remaining net proceeds from the offering were used for general corporate purposes.

Other

Access to capital markets impacts our cost of capital, our ability to refinance maturing debt and our ability to fund future acquisitions. Our ability to access capital on favorable terms depends on a number of factors, including general market conditions, interest rates, credit ratings on our debt securities, perception of our potential future earnings and the market price of our common stock. As of December 31, 2016, we had a corporate credit rating of Baa2 with a stable outlook from Moody's Investors Service, Inc. ("Moody's") and BBB with a stable outlook from Standard & Poor's Ratings Services ("S&P") on our senior unsecured debt securities.

The interest rates payable on our senior notes, revolving credit facility and term loan are subject to adjustment from time to time if Moody's or S&P changes the debt rating applicable to the notes. If the ratings from Moody's or S&P decrease below investment grade, the per annum interest rates are subject to increase by up to two percent. In no event will the total increase in the per annum interest rates exceed two percent above the original interest rates, nor will the per annum interest rate be reduced below the original interest rate applicable to the senior notes.

Off-Balance Sheet Arrangements and Contractual Obligations

We do not participate in, nor have we created, any off-balance sheet variable interest entities or other off-balance sheet financing. The following table details our contractual obligations at December 31, 2016:

(In millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt including interest [1] [2]	$ 5,297	$ 241	$ 818	$ 2,513	$ 1,725
Minimum operating lease payments [1]	424	107	159	63	95
Purchase obligations [1]	411	226	163	22	—
Income tax obligations	45	9	20	12	4
Total	$ 6,177	$ 583	$ 1,160	$ 2,610	$ 1,824

(1) Interest, operating lease and purchase obligations are reported on a pre-tax basis.

(2) The calculations assume that only mandatory debt repayments are made, no additional refinancing or lending occurs, and the variable rates on the revolving credit facility and term loan are priced at the rate in effect as of December 31, 2016.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, interest rates, currency exchange rates, indices, correlations or other market factors, such as liquidity, will result in losses for a certain financial instrument or group of financial instruments. We are exposed primarily to interest rate risk and market price risk on outstanding debt, investments of subscriber funds and foreign currency. Our senior management actively monitors these risks.

We manage our debt structure and interest rate risk through the use of fixed- and floating-rate debt. Based on our outstanding debt with variable interest rates at December 31, 2016, a 1% increase in our borrowing rate would increase annual interest expense in 2017 by approximately $13 million.

In connection with processing electronic payments transactions, the funds we receive from subscribers are invested into short-term, highly liquid investments from the time we collect the funds until payments are made to the applicable recipients. Subscriber funds are not included in our consolidated balance sheets and can fluctuate significantly based on consumer bill payment and debit card activity. During 2016, the subscriber funds daily average balance approximated $1.2 billion. A 1% increase or decrease in applicable interest rates would not have a material impact on our annual income from continuing operations.

We conduct business in the United States and in foreign countries and are exposed to foreign currency risk from changes in the value of underlying assets and liabilities of our non-U.S. dollar denominated foreign investments and foreign currency transactions. We have entered into foreign currency forward exchange contracts with total notional values of approximately $86 million as of December 31, 2016 to hedge foreign currency exposure to the Indian Rupee. In 2016, approximately 5% of our total revenue was from clients in foreign countries. Risk can be estimated by measuring the impact of a near-term adverse movement of 10% in foreign currency rates against the U.S. dollar. If these rates were 10% higher or lower at December 31, 2016, there would not have been a material impact on our annual income from continuing operations or financial position.

Item 8. Financial Statements and Supplementary Data

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Fiserv, Inc.
Consolidated Statements of Income

In millions, except per share data Year ended December 31,	2016	2015	2014
Revenue:			
Processing and services	$ 4,625	$ 4,411	$ 4,219
Product	880	843	847
Total revenue	5,505	5,254	5,066
Expenses:			
Cost of processing and services	2,212	2,178	2,164
Cost of product	747	731	717
Selling, general and administrative	1,101	1,034	975
Total expenses	4,060	3,943	3,856
Operating income	1,445	1,311	1,210
Interest expense	(163)	(170)	(164)
Interest and investment (loss) income, net	(7)	1	1
Loss on early debt extinguishment	—	(85)	—
Income from continuing operations before income taxes and income from investment in unconsolidated affiliate	1,275	1,057	1,047
Income tax provision	(492)	(377)	(384)
Income from investment in unconsolidated affiliate	147	32	91
Income from continuing operations	930	712	754
Income (loss) from discontinued operations, net of income taxes	—	—	—
Net income	$ 930	$ 712	$ 754
Net income per share - basic:			
Continuing operations	$ 4.22	$ 3.04	$ 3.04
Discontinued operations	—	—	—
Total	$ 4.22	$ 3.04	$ 3.03
Net income per share - diluted:			
Continuing operations	$ 4.15	$ 2.99	$ 2.99
Discontinued operations	—	—	—
Total	$ 4.15	$ 2.99	$ 2.98
Shares used in computing net income per share:			
Basic	220.3	233.9	248.6
Diluted	223.9	238.0	252.7

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Consolidated Statements of Comprehensive Income

In millions Year ended December 31,	2016	2015	2014
Net income	$ 930	$ 712	$ 754
Other comprehensive (loss) income:			
Reclassification adjustment for net realized losses on cash flow hedges included in interest expense, net of income tax provision of $5 million, $6 million and $6 million	7	10	8
Foreign currency translation	(9)	(21)	(11)
Total other comprehensive loss	(2)	(11)	(3)
Comprehensive income	$ 928	$ 701	$ 751

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Consolidated Balance Sheets

In millions December 31,	2016	2015
Assets		
Cash and cash equivalents	$ 300	$ 275
Trade accounts receivable, less allowance for doubtful accounts	902	802
Prepaid expenses and other current assets	526	429
Total current assets	1,728	1,506
Property and equipment, net	405	396
Intangible assets, net	1,833	1,872
Goodwill	5,373	5,200
Other long-term assets	404	366
Total assets	$ 9,743	$ 9,340
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	$ 1,242	$ 1,024
Current maturities of long-term debt	95	5
Deferred revenue	483	473
Total current liabilities	1,820	1,502
Long-term debt	4,467	4,288
Deferred income taxes	762	726
Other long-term liabilities	153	164
Total liabilities	7,202	6,680
Commitments and Contingencies		
Shareholders' Equity		
Preferred stock, no par value: 25.0 million shares authorized; none issued	—	—
Common stock, $0.01 par value: 900.0 million shares authorized; 395.7 million shares issued	4	4
Additional paid-in capital	1,020	952
Accumulated other comprehensive loss	(76)	(74)
Retained earnings	8,994	8,064
Treasury stock, at cost, 180.2 million and 170.4 million shares	(7,401)	(6,286)
Total shareholders' equity	2,541	2,660
Total liabilities and shareholders' equity	$ 9,743	$ 9,340

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Consolidated Statements of Shareholders' Equity

In millions	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	
	Shares	Amount				Shares	Amount
Balance at January 1, 2014	396	$ 4	$ 844	$ (60)	$ 6,598	139	$ (3,801)
Net income					754		
Other comprehensive loss				(3)			
Share-based compensation			49				
Shares issued under stock plans including income tax benefits			4			(2)	64
Purchases of treasury stock						18	(1,158)
Balance at December 31, 2014	396	4	897	(63)	7,352	155	(4,895)
Net income					712		
Other comprehensive loss				(11)			
Share-based compensation			65				
Shares issued under stock plans including income tax benefits			(10)			(2)	80
Purchases of treasury stock						17	(1,471)
Balance at December 31, 2015	396	4	952	(74)	8,064	170	(6,286)
Net income					930		
Other comprehensive loss				(2)			
Share-based compensation			68				
Shares issued under stock plans including income tax benefits			—			(2)	83
Purchases of treasury stock						12	(1,198)
Balance at December 31, 2016	396	$ 4	$ 1,020	$ (76)	$ 8,994	180	$ (7,401)

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Consolidated Statements of Cash Flows

In millions Year ended December 31,	2016	2015	2014
Cash flows from operating activities:			
Net income	$ 930	$ 712	$ 754
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:			
Depreciation and other amortization	253	223	200
Amortization of acquisition-related intangible assets	158	194	204
Share-based compensation	68	65	49
Excess tax benefits from share-based awards	(51)	(38)	(18)
Deferred income taxes	21	20	3
Income from investment in unconsolidated affiliate	(147)	(32)	(91)
Dividends from unconsolidated affiliate	151	36	110
Non-cash impairment charges	17	6	—
Loss on early debt extinguishment	—	85	—
Other operating activities	(2)	(1)	—
Changes in assets and liabilities, net of effects from acquisitions:			
Trade accounts receivable	(88)	(2)	(42)
Prepaid expenses and other assets	(68)	(66)	(39)
Accounts payable and other liabilities	178	148	168
Deferred revenue	11	(4)	9
Net cash provided by operating activities from continuing operations	1,431	1,346	1,307
Cash flows from investing activities:			
Capital expenditures, including capitalization of software costs	(290)	(359)	(292)
Payments for acquisitions of businesses	(265)	—	—
Net (purchases of) proceeds from investments	(1)	1	7
Other investing activities	2	(2)	(1)
Net cash used in investing activities from continuing operations	(554)	(360)	(286)
Cash flows from financing activities:			
Debt proceeds	2,126	3,121	604
Debt repayments, including redemption and other costs	(1,863)	(2,707)	(653)
Proceeds from issuance of treasury stock	79	71	53
Purchases of treasury stock, including employee shares withheld for tax obligations	(1,245)	(1,522)	(1,148)
Excess tax benefits from share-based awards	51	38	18
Other financing activities	—	(6)	—
Net cash used in financing activities from continuing operations	(852)	(1,005)	(1,126)
Net change in cash and cash equivalents from continuing operations	25	(19)	(105)
Net cash flows to discontinued operations	—	—	(1)
Cash and cash equivalents, beginning balance	275	294	400
Cash and cash equivalents, ending balance	$ 300	$ 275	$ 294

See accompanying notes to consolidated financial statements.

Fiserv, Inc.
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Description of the Business

Fiserv, Inc. and its subsidiaries (collectively, the "Company") provide financial services technology to clients worldwide, including banks, thrifts, credit unions, investment management firms, leasing and finance companies, retailers, merchants, mutual savings banks, and building societies. The Company provides account processing systems, electronic payments processing products and services, internet and mobile banking systems, and related services. The Company is principally located in the United States where it operates data and transaction processing centers, provides technology support, develops software and payment solutions, and offers consulting services.

The Company's operations are comprised of the Payments and Industry Products ("Payments") segment and the Financial Institution Services ("Financial") segment. Additional information regarding the Company's business segments is included in Note 8.

Principles of Consolidation

The consolidated financial statements include the accounts of Fiserv, Inc. and all 100% owned subsidiaries. Investments in less than 50% owned affiliates in which the Company has significant influence but not control are accounted for using the equity method of accounting. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which eliminates Step 2 of the goodwill impairment test that had required a hypothetical purchase price allocation. Rather, entities should apply the same impairment assessment to all reporting units and recognize an impairment loss for the amount by which a reporting unit's carrying amount exceeds its fair value, without exceeding the total amount of goodwill allocated to that reporting unit. Entities will continue to have the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. ASU 2017-04 will be effective prospectively for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, or those beginning after January 1, 2017 if early adopted. The Company does not expect the adoption of ASU 2017-04 to have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"), which clarifies the definition of a business with the objective of adding guidance and providing a more robust framework to assist reporting organizations with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. For public entities, ASU 2017-01 is effective prospectively for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted for transactions occurring before the issuance or effective date of the standard for which financial statements have not yet been issued. The Company does not expect the adoption of ASU 2017-01 to have a material impact on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"), which eliminates the current prohibition on immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory, with the intent of reducing complexity and diversity in practice. Under ASU 2016-16, entities must recognize the income tax consequences when the transfer occurs rather than deferring recognition. For public entities, ASU 2016-16 is effective for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted as of the beginning of a fiscal year. Entities must apply the guidance on a modified retrospective basis though a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company does not expect the adoption of ASU 2016-16 to have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which adds or clarifies guidance on the presentation and classification of eight specific types of cash receipts and cash payments in the statement of cash flows, with the intent of reducing diversity in practice. For public entities, ASU 2016-15 is effective for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. Entities must apply the guidance retrospectively to all periods presented; however, entities may apply prospectively if retrospective application is impracticable. The Company does not expect the adoption of ASU 2016-15 to have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASU 2016-13"), which prescribes an impairment model for most financial assets based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial asset. For public entities, ASU 2016-13 is effective for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption. The Company is currently assessing the impact that the adoption of ASU 2016-13 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), which simplifies several aspects of the accounting for share-based payment awards, including the accounting for income taxes and forfeitures, as well as classification in the statement of cash flows. The standard requires that all tax effects related to share-based payments be recorded as income tax expense or benefit in the income statement at settlement or expiration and, accordingly, excess tax benefits and tax deficiencies be presented as operating activities in the statement of cash flows. For public entities, ASU 2016-09 is effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods, with early adoption permitted in any interim or annual period for which financial statements have not yet been issued. The recognition of all excess tax benefits and tax deficiencies in the income statement, as well as related changes to the computation of diluted earnings per share, is to be applied prospectively. Entities may elect to apply the change in presentation in the statement of cash flows either prospectively or retrospectively to all periods presented. The impact of adopting this standard on the Company's consolidated financial statements is dependent upon the intrinsic value of share-based compensation awards at the time of exercise or vesting and may result in more variability in effective tax rates and net earnings, and may also impact the dilution of common stock equivalents. The Company recorded $46 million, $47 million and $18 million in 2016, 2015 and 2014, respectively, to consolidated equity as excess tax benefits from share-based compensation awards. The Company plans to adopt ASU 2016-09 in the first quarter of 2017 and intends to apply the change in presentation in the statement of cash flows on a prospective basis.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which requires lessees to recognize a lease liability and a right-of-use asset for each lease with a term longer than twelve months. The recognized liability is measured at the present value of lease payments not yet paid, and the corresponding asset represents the lessee's right to use the underlying asset over the lease term and is based on the liability, subject to certain adjustments. For income statement purposes, the standard retains the dual model with leases classified as either operating or finance. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. For public entities, ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted. The standard requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is currently assessing the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements of financial instruments. For public entities, ASU 2016-01 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted for certain provisions of the standard. Entities must apply the standard, with certain exceptions, using a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption. The Company is currently assessing the impact that the adoption of ASU 2016-01 will have on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), to clarify the principles of recognizing revenue and to create common revenue recognition guidance between U.S. generally accepted accounting principles and International Financial Reporting Standards. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled

in exchange for those goods or services. This model involves a five-step process for achieving that core principle, along with comprehensive disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to defer the effective date of the new revenue standard for one year and permit early adoption as of the original effective date in ASU 2014-09. For public entities, the new revenue standard is effective for annual and interim periods beginning after December 15, 2017. The Company plans to adopt ASU 2014-09 on January 1, 2018.

The Company has performed a review of the requirements of the new revenue standard and related ASUs and is monitoring the activity of the FASB and the transition resource group as it relates to specific interpretive guidance. The Company is reviewing customer contracts and is in the process of applying the five-step model of the new revenue standard to each of its key identified revenue streams included within either processing and services revenue or product revenue and is comparing the results to its current accounting practices. While the Company continues to assess all potential impacts of adopting this new revenue standard on its consolidated financial statements, it currently believes the new revenue standard will not have a significant impact on the accounting for stand-ready account- and transaction-based processing fees, the Company's most significant revenue stream. Areas that the Company currently expects will be impacted by the new revenue standard include the accounting for costs to obtain a contract, such as commissions for sales personnel, which are currently expensed as incurred, and the timing of revenue recognition of certain termination fees over the modified contract term, which will generally result in an acceleration of revenue as compared to our current accounting practice.

Entities have the option of adopting this new guidance using either a full retrospective or a modified approach with the cumulative effect of applying the guidance recognized at the date of initial application. The Company is currently evaluating the transition method to elect as well as necessary control and process changes due to implementing the new revenue standard.

Fair Value Measurements

The Company applies fair value accounting for all assets and liabilities that are recognized or disclosed at fair value in its consolidated financial statements on a recurring basis. Fair value represents the amount that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability.

The fair values of cash equivalents, trade accounts receivable, settlement assets and obligations, accounts payable, and client deposits approximate their respective carrying values due to the short period of time to maturity. The estimated fair value of total debt is described in Note 4 and was based on quoted prices in active markets for the Company's senior notes (level 1 of the fair value hierarchy) and discounted cash flows based on the Company's current incremental borrowing rate for its term loan (level 3 of the fair value hierarchy). The fair value of the Company's revolving credit facility borrowings approximates carrying value as the underlying interest rate is variable based on LIBOR.

Derivatives

Derivatives are recorded in the consolidated balance sheets as either an asset or liability measured at fair value. If the derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded as a component of accumulated other comprehensive loss and recognized in the consolidated statements of income when the hedged item affects earnings. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative are recognized in earnings. To the extent the fair value hedge is effective, there is an offsetting adjustment to the basis of the item being hedged. Ineffective portions of changes in the fair value of hedges are recognized in earnings. The Company's policy is to enter into derivatives with creditworthy institutions and not to enter into such derivatives for speculative purposes.

Foreign Currency

Foreign currency denominated assets and liabilities, where the functional currency is the local currency, are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenue and expenses are translated at the average exchange rates during the period. Gains and losses from foreign currency translation are recorded as a separate component of accumulated other comprehensive loss.

Revenue Recognition

The Company generates revenue from the delivery of processing, service and product solutions. Revenue is recognized when written contracts are signed, delivery has occurred, the fees are fixed or determinable, and collectability is reasonably assured.

Processing and services revenue is recognized as services are provided and is primarily derived from contracts that generate account- and transaction-based fees for data processing, transaction processing, electronic billing and payment services, electronic funds transfer, and debit processing services. In addition, processing and services revenue is derived from the fulfillment of professional services, including consulting activities. Certain of the Company's revenue is generated from multiple element arrangements involving various combinations of product and service deliverables. The deliverables within these arrangements are evaluated at contract inception to determine whether they represent separate units of accounting, and if so, contract consideration is allocated to each deliverable based on relative selling price. The relative selling price is determined using vendor specific objective evidence of fair value, third-party evidence or best estimate of selling price. Revenue is then recognized in accordance with the appropriate revenue recognition guidance applicable to the respective elements. Also included in processing and services revenue is software maintenance fee revenue for ongoing client support, which is recognized ratably over the term of the applicable support period, generally 12 months. Deferred revenue consists primarily of advance cash receipts for services and is recognized as revenue when the services are provided.

Product revenue is primarily derived from integrated print and card production sales, as well as software license sales which represented less than 4% of total revenue. For software license agreements that do not require significant customization or modification, the Company recognizes software license revenue upon delivery, assuming persuasive evidence of an arrangement exists, the license fee is fixed or determinable, and collection is reasonably assured. Arrangements with customers that include significant customization, modification or production of software are accounted for under contract accounting, with revenue recognized using the percentage-of-completion method based upon efforts-expended, such as labor hours, to measure progress towards completion. Changes in estimates for revenues, costs and profits are recognized in the period in which they are determinable and were not material for any period presented.

The Company includes reimbursements from clients, such as postage and telecommunication costs, in processing and services revenue and product revenue, while the related costs are included in cost of processing and services and cost of product.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of: salaries, wages, commissions and related expenses paid to sales personnel, administrative employees and management; advertising and promotional costs; depreciation and amortization; and other selling and administrative expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments with original maturities of 90 days or less.

Allowance for Doubtful Accounts

The Company analyzes the collectibility of trade accounts receivable by considering historical bad debts, client creditworthiness, current economic trends, changes in client payment terms and collection trends when evaluating the adequacy of the allowance for doubtful accounts. Any change in the assumptions used in analyzing a specific account receivable may result in an additional allowance for doubtful accounts being recognized in the period in which the change occurs. The allowance for doubtful accounts was $15 million and $11 million at December 31, 2016 and 2015, respectively.

Prepaid Expenses

Prepaid expenses represent advance payments for goods and services to be consumed in the future, such as maintenance, postage and insurance, and totaled $141 million and $146 million at December 31, 2016 and 2015, respectively.

Settlement Assets and Obligations

Settlement assets of $312 million and $230 million were included in prepaid expenses and other current assets at December 31, 2016 and 2015, respectively, and settlement obligations of $305 million and $224 million were included in accounts payable and accrued expenses at December 31, 2016 and 2015, respectively. Settlement assets and obligations result from timing differences between collection and fulfillment of payment transactions primarily associated with the Company's walk-in and expedited bill payment service businesses. Settlement assets represent cash received or amounts receivable from agents, payment networks or directly from consumers. Settlement obligations represent amounts payable to clients and payees.

Property and Equipment

Property and equipment are reported at cost. Depreciation of property and equipment is computed primarily using the straight-line method over the shorter of the estimated useful life of the asset or the leasehold period, if applicable. Property and equipment consisted of the following at December 31:

(In millions)	Estimated Useful Lives	2016	2015
Land	—	$ 19	$ 19
Data processing equipment	3 to 5 years	697	662
Buildings and leasehold improvements	5 to 40 years	256	253
Furniture and equipment	5 to 8 years	179	171
		1,151	1,105
Less: accumulated depreciation		(746)	(709)
Total		$ 405	$ 396

Depreciation expense for all property and equipment totaled $90 million, $80 million and $71 million in 2016, 2015 and 2014, respectively.

Intangible Assets

Intangible assets consisted of the following at December 31:

(In millions) 2016	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer related intangible assets	$ 2,200	$ 1,043	$ 1,157
Acquired software and technology	507	432	75
Trade names	117	57	60
Capitalized software development costs	641	233	408
Purchased software	230	97	133
Total	$ 3,695	$ 1,862	$ 1,833

(In millions) 2015	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer related intangible assets	$ 2,155	$ 922	$ 1,233
Acquired software and technology	488	413	75
Trade names	120	53	67
Capitalized software development costs	575	199	376
Purchased software	256	135	121
Total	$ 3,594	$ 1,722	$ 1,872

Customer related intangible assets represent customer contracts and relationships obtained as part of acquired businesses and are amortized over their estimated useful lives, generally 10 to 20 years. Acquired software and technology represents software and technology intangible assets obtained as part of acquired businesses and are amortized over their estimated useful lives, generally four to eight years. Trade names are amortized over their estimated useful lives, generally 10 to 20 years. Amortization expense for acquired intangible assets, which include customer related intangible assets, acquired software and technology, and trade names, totaled $158 million, $194 million and $204 million in 2016, 2015 and 2014, respectively.

The Company continually develops, maintains and enhances its products and systems. Product development expenditures represented approximately 8% of the Company's total revenue in 2016 and 9% in each of 2015 and 2014. Research and development costs incurred prior to the establishment of technological feasibility are expensed as incurred. Routine maintenance of software products, design costs and other development costs incurred prior to the establishment of a product's

technological feasibility are also expensed as incurred. Costs are capitalized commencing when the technological feasibility of the software has been established.

Capitalized software development costs represent the capitalization of certain costs incurred to develop new software or to enhance existing software which is marketed externally or utilized by the Company to process client transactions. Capitalized software development costs are amortized over their estimated useful lives, generally five years. Gross software development costs capitalized for new products and enhancements to existing products totaled $143 million, $137 million and $129 million in 2016, 2015 and 2014, respectively. Amortization of previously capitalized software development costs that have been placed into service was $106 million, $92 million and $82 million in 2016, 2015 and 2014, respectively.

Purchased software represents software licenses purchased from third parties and is amortized over their estimated useful lives, generally three to five years. Amortization of purchased software totaled $40 million, $33 million and $29 million in 2016, 2015 and 2014, respectively.

The Company estimates that annual amortization expense with respect to acquired intangible assets recorded at December 31, 2016 will be approximately $150 million in 2017, $140 million in each of 2018 and 2019, $120 million in 2020, and $110 million in 2021. Annual amortization expense in 2017 with respect to capitalized and purchased software recorded at December 31, 2016 is estimated to approximate $150 million.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired and liabilities assumed in a business combination. The Company evaluates goodwill for impairment on an annual basis, or more frequently if circumstances indicate possible impairment. Goodwill is tested for impairment at a reporting unit level, determined to be at an operating segment level or one level below. When reviewing goodwill for impairment, the Company considers the amount of excess fair value over the carrying value of each reporting unit, the period of time since a reporting unit's last quantitative test, the extent a reorganization or disposition changes the composition of one or more of the reporting units, and other factors to determine whether or not to first perform a qualitative test. When performing a qualitative test, the Company assesses numerous factors to determine whether it is more likely than not that the fair value of its reporting units are less than their respective carrying values. Examples of qualitative factors that the Company assesses include its share price, its financial performance, market and competitive factors in its industry, and other events specific to its reporting units. If the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying value, the Company performs a two-step quantitative impairment test by comparing reporting unit carrying values to estimated fair values. No impairment was identified in the Company's annual impairment assessment in the fourth quarter of 2016 as the estimated fair values of the respective reporting units exceeded the carrying values. In addition, there is no accumulated impairment loss through December 31, 2016. The changes in goodwill during 2016 and 2015 were as follows:

(In millions)	Payments	Financial	Total
Goodwill - December 31, 2014	$ 3,440	$ 1,769	$ 5,209
Foreign currency adjustments	(3)	(6)	(9)
Goodwill - December 31, 2015	3,437	1,763	5,200
Acquired goodwill	173	—	173
Goodwill - December 31, 2016	$ 3,610	$ 1,763	$ 5,373

Asset Impairment

The Company reviews property and equipment, intangible assets and its investment in unconsolidated affiliate for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Company reviews capitalized software development costs for impairment at each balance sheet date. Recoverability of property and equipment, capitalized software development costs, and other intangible assets is assessed by comparing the carrying amount of the asset to the undiscounted future cash flows expected to be generated by the asset. The Company's investment in unconsolidated affiliate is assessed by comparing the carrying amount of the investment to its estimated fair value and is impaired if any decline in fair value is determined to be other than temporary. Measurement of any impairment loss is based on estimated fair value.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at December 31:

(In millions)	2016	2015
Trade accounts payable	$ 110	$ 74
Client deposits	409	330
Settlement obligations	305	224
Accrued compensation and benefits	184	196
Other accrued expenses	234	200
Total	$ 1,242	$ 1,024

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis and net operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets if it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component, net of income taxes, consisted of the following:

(In millions)	Cash Flow Hedges	Foreign Currency Translation	Other	Total
Balance at December 31, 2015	$ (31)	$ (41)	$ (2)	$ (74)
Other comprehensive loss before reclassifications	—	(9)	—	(9)
Amounts reclassified from accumulated other comprehensive loss	7	—	—	7
Net current-period other comprehensive (loss) income	7	(9)	—	(2)
Balance at December 31, 2016	$ (24)	$ (50)	$ (2)	$ (76)

(In millions)	Cash Flow Hedges	Foreign Currency Translation	Other	Total
Balance at December 31, 2014	$ (41)	$ (20)	$ (2)	$ (63)
Other comprehensive loss before reclassifications	—	(21)	—	(21)
Amounts reclassified from accumulated other comprehensive loss	10	—	—	10
Net current-period other comprehensive (loss) income	10	(21)	—	(11)
Balance at December 31, 2015	$ (31)	$ (41)	$ (2)	$ (74)

Based on the amounts recorded in accumulated other comprehensive loss at December 31, 2016, the Company estimates that it will recognize approximately $10 million in interest expense during the next twelve months related to settled interest rate hedge contracts.

The Company has entered into foreign currency forward exchange contracts, which have been designated as cash flow hedges, to hedge foreign currency exposure to the Indian Rupee. As of December 31, 2016, the notional amount of these derivatives was approximately $86 million, and the fair value totaling approximately $1 million is reported in prepaid expenses and other current assets in the consolidated balance sheet. As of December 31, 2015, the notional amount of these derivatives was approximately $85 million, and the fair value totaling approximately $1 million is reported in accounts payable and accrued expenses in the consolidated balance sheet.

Net Income Per Share

Net income per share in each period is calculated using actual, unrounded amounts. Basic net income per share is computed using the weighted-average number of common shares outstanding during the year. Diluted net income per share is computed using the weighted-average number of common shares and common stock equivalents outstanding during the year. Common stock equivalents consist of stock options and restricted stock units and are computed using the treasury stock method. In 2016, 2015 and 2014, the Company excluded 0.8 million, 0.9 million and 1.2 million weighted-average shares, respectively, from the calculations of common stock equivalents for anti-dilutive stock options.

The computation of shares used in calculating basic and diluted net income per share is as follows:

(In millions)	2016	2015	2014
Weighted-average common shares outstanding used for the calculation of net income per share - basic	220.3	233.9	248.6
Common stock equivalents	3.6	4.1	4.1
Weighted-average common shares outstanding used for the calculation of net income per share - diluted	223.9	238.0	252.7

Supplemental Cash Flow Information

(In millions)	2016	2015	2014
Interest paid	$ 147	$ 150	$ 144
Income taxes paid	408	306	336
Treasury stock purchases settled after the balance sheet date	10	15	19

2. Acquisitions

On January 15, 2016, the Company acquired the Convenience Pay Services business of Hewlett Packard Enterprise Company, which enables providers to accept electronic payments from their consumers through multiple channels, thereby expanding the Company's biller solution offerings. On March 3, 2016, the Company completed its purchase of the Community Financial Services business of ACI Worldwide, Inc., further enhancing the Company's suite of digital banking and payments solutions.

The Company acquired these businesses for an aggregate purchase price of $265 million. During the third quarter of 2016, the Company finalized the purchase price allocations based upon final valuations of intangible assets. The final purchase price allocations for these acquisitions did not materially change from the preliminary allocations and resulted in technology and customer intangible assets totaling approximately $80 million, goodwill of $173 million, and other identifiable net assets of approximately $12 million consisting primarily of accounts receivable. The goodwill, recognized within the Payments segment, from these transactions is deductible for tax purposes and is primarily attributed to synergies and anticipated revenue and earnings growth associated with the products and services that these businesses provide.

The results of operations for these acquired businesses, including revenue of $86 million in 2016, have been included in the accompanying consolidated statements of income from the dates of acquisition. As a result of these acquisitions, the Company incurred merger and integration costs, including a $10 million non-cash impairment charge in the first quarter of 2016 related to the Company's decision to replace existing software with an acquired solution. The related impairment charge was recorded in cost of processing and services within Corporate and Other as such amount is excluded from the Company's measure of the Payments segment's operating performance. Pro forma information for these acquisitions is not provided because they did not have a material effect on the Company's consolidated results of operations.

3. Investment in Unconsolidated Affiliate

The Company owns a 49% interest in StoneRiver Group, L.P. ("StoneRiver"), which is accounted for as an equity method investment, and reports its share of StoneRiver's net income as income from investment in unconsolidated affiliate. The Company's investment in StoneRiver was $14 million and $17 million at December 31, 2016 and 2015, respectively, and is reported within other long-term assets in the consolidated balance sheets. To the extent that the Company's cost basis is different than the basis reflected at the unconsolidated affiliate level, the basis difference is generally amortized over the lives of the related assets and included in the Company's share of equity in earnings of the unconsolidated affiliate. In 2016, 2015 and 2014, the Company received cash dividends, funded from capital transactions, from StoneRiver of $151 million, $36 million and $110 million, respectively, which were recorded as reductions in the Company's investment in StoneRiver. The

dividends, in their entirety, represented returns on the Company's investment and are reported in cash flows from operating activities.

During the first quarter of 2016, StoneRiver recognized a gain on the sale of a business interest in which the Company's pre-tax share of this gain was $190 million. During the first quarter of 2016, the Company also received cash dividends of $140 million from StoneRiver, which were funded from the sale transaction and recorded as reductions in the Company's investment in StoneRiver. In conjunction with this activity, the Company evaluated its equity method investment in StoneRiver for its ability to recover the remaining carrying amount of such investment. Utilizing a discounted cash flow analysis (level 3 of the fair value hierarchy) to arrive at a measure of the investment's fair value, the Company recognized an impairment loss of $44 million. The Company's $146 million pre-tax share of the gain, net of the impairment loss was recorded within income from investment in unconsolidated affiliate, with the related tax expense of $54 million recorded through the income tax provision, in the consolidated statements of income.

During 2015 and 2014, StoneRiver recognized net gains on the sales of subsidiary businesses. The Company's pre-tax share of the net gains and related expenses on these transactions of $29 million in 2015 and $87 million in 2014 was recorded within income from investment in unconsolidated affiliate, with the related tax expenses of $13 million and $36 million, respectively, recorded through the income tax provision, in the accompanying consolidated statements of income.

4. Long-Term Debt

The Company's long-term debt, net of discounts and debt issuance costs, consisted of the following at December 31:

(In millions)	2016	2015
Revolving credit facility	$ 647	$ 379
Term loan	629	628
2.7% senior notes due 2020	845	843
4.625% senior notes due 2020	448	448
4.75% senior notes due 2021	398	397
3.5% senior notes due 2022	695	694
3.85% senior notes due 2025	893	893
Other borrowings	7	11
Total debt	4,562	4,293
Less: current maturities	(95)	(5)
Long-term debt	$ 4,467	$ 4,288

The estimated fair value of total debt was $4.7 billion and $4.3 billion at December 31, 2016 and 2015, respectively. The Company was in compliance with all financial debt covenants during 2016. Annual maturities of the Company's total debt were as follows at December 31, 2016:

(In millions)	
Year ending December 31,	
2017	$ 95
2018	540
2019	1
2020	1,940
2021	398
Thereafter	1,588
Total	$ 4,562

Revolving Credit Facility

The Company maintains a $2.0 billion revolving credit agreement with a syndicate of banks that matures in April 2020. Borrowings under the revolving credit facility bear interest at a variable rate based on LIBOR or on a base rate, plus a specified margin based on the Company's long-term debt rating in effect from time to time. The variable interest rate on the revolving credit facility borrowings was 1.81% at December 31, 2016. There are no significant commitment fees and no compensating balance requirements. The revolving credit facility contains various restrictions and covenants that require the Company, among other things, to: (i) limit its consolidated indebtedness as of the end of each fiscal quarter to no more than three and one-half times consolidated net earnings before interest, taxes, depreciation and amortization and certain other adjustments during the period of four fiscal quarters then ended, and (ii) maintain consolidated net earnings before interest, taxes, depreciation and amortization and certain other adjustments of at least three times consolidated interest expense as of the end of each fiscal quarter for the period of four fiscal quarters then ended.

Term Loan

The Company maintains a term loan with a syndicate of banks that matures in October 2018 and bears interest at a variable rate based on LIBOR or on a base rate, plus a specified margin based on the Company’s long-term debt rating in effect from time to time. The variable interest rate on the term loan borrowings was 2.02% at December 31, 2016. A scheduled principal payment of $90 million is due on December 31, 2017, with the outstanding principal balance of $540 million due at maturity. The term loan facility contains various restrictions and covenants substantially similar to those contained in the revolving credit facility described above.

Senior Notes

In May 2015, the Company completed an offering of $1.75 billion of senior notes comprised of $850 million aggregate principal amount of 2.7% senior notes due in June 2020 and $900 million aggregate principal amount of 3.85% senior notes due in June 2025. The notes pay interest at the stated rates semi-annually on June 1 and December 1, which commenced on December 1, 2015. The Company’s 4.625% senior notes due in October 2020 and 3.5% senior notes due in October 2022 pay interest at the stated rates on April 1 and October 1 of each year. The Company’s 4.75% senior notes due in June 2021 pay interest at the stated rate on June 15 and December 15 of each year. The interest rates applicable to the senior notes are subject to an increase of up to two percent in the event that the Company’s credit rating is downgraded below investment grade. The indentures governing the senior notes contain covenants that, among other matters, limit (i) the Company’s ability to consolidate or merge into, or convey, transfer or lease all or substantially all of its properties and assets to, another person; (ii) the Company’s and certain of its subsidiaries’ ability to create or assume liens, and (iii) the Company’s and certain of its subsidiaries’ ability to engage in sale and leaseback transactions. In October 2015, the Company used its available borrowings under the revolving credit facility to repay the $300 million aggregate principal amount of 3.125% senior notes.

In May 2015, the Company used the net proceeds from the offering described above to redeem its $600 million aggregate principal amount of 3.125% senior notes due in June 2016 and $500 million aggregate principal amount of 6.8% senior notes due in November 2017. The Company recorded a pre-tax loss on early debt extinguishment of $85 million related to make-whole payments and other costs associated with this redemption. In addition, the Company paid scheduled December 2015 and December 2016 principal payments on the term loan totaling $180 million and repaid, at that time, outstanding borrowings under the revolving credit facility. The remaining net proceeds from the offering were used for general corporate purposes.

Debt Issuance Costs

Debt issuance costs are amortized as a component of interest expense over the term of the underlying debt using the effective interest method. Debt issuance costs related to the Company's term loan and senior notes totaled $17 million and $21 million at December 31, 2016 and 2015, respectively, and are reported as a direct reduction of the related debt instrument in the consolidated balance sheets. Debt issuance costs related to the Company's revolving credit facility are reported in other long-term assets in the consolidated balance sheets and totaled $5 million and $7 million at December 31, 2016 and 2015, respectively.

5. Income Taxes

Substantially all of the Company's pre-tax earnings are derived from domestic operations in all periods presented. A reconciliation of the statutory federal income tax rate to the Company's effective income tax rate for continuing operations is as follows:

	2016	2015	2014
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %
State income taxes, net of federal effect	2.9 %	1.8 %	2.6 %
Unconsolidated affiliate tax	4.2 %	1.1 %	3.4 %
Domestic production activities deduction	(3.0)%	(2.1)%	(4.1)%
Other, net	(0.5)%	(0.1)%	(0.3)%
Effective income tax rate	38.6 %	35.7 %	36.6 %

The income tax provision for continuing operations was as follows:

(In millions)	2016	2015	2014
Current:			
Federal	$ 402	$ 315	$ 331
State	53	31	40
Foreign	16	11	10
	471	357	381
Deferred:			
Federal	21	22	(4)
State	5	(2)	6
Foreign	(5)	—	1
	21	20	3
Income tax provision	$ 492	$ 377	$ 384

Significant components of deferred tax assets and liabilities consisted of the following at December 31:

(In millions)	2016	2015
Accrued expenses	$ 48	$ 49
Interest rate hedge contracts	16	20
Share-based compensation	57	51
Net operating loss and credit carry-forwards	85	102
Deferred revenue	26	49
Other	15	12
Subtotal	247	283
Valuation allowance	(35)	(35)
Total deferred tax assets	212	248
Capitalized software development costs	(156)	(142)
Intangible assets	(681)	(700)
Property and equipment	(67)	(68)
Other	(44)	(42)
Total deferred tax liabilities	(948)	(952)
Total	$ (736)	$ (704)

Deferred tax assets and liabilities are reported in the consolidated balance sheets as follows at December 31:

(In millions)	2016	2015
Noncurrent assets	$ 26	$ 22
Noncurrent liabilities	(762)	(726)
Total	$ (736)	$ (704)

Noncurrent deferred tax assets are included in other long-term assets at December 31, 2016 and 2015.

Unrecognized tax benefits were as follows:

(In millions)	2016	2015	2014
Unrecognized tax benefits - Beginning of year	$ 54	$ 55	$ 60
Increases for tax positions taken during the current year	9	10	9
Increases for tax positions taken in prior years	1	—	10
Decreases for tax positions taken in prior years	(15)	(10)	(21)
Decreases for settlements	(2)	(1)	(1)
Lapse of the statute of limitations	(2)	—	(2)
Unrecognized tax benefits - End of year	$ 45	$ 54	$ 55

At December 31, 2016, unrecognized tax benefits of $35 million, net of federal and state benefits, would affect the effective income tax rate from continuing operations if recognized. In 2017, reductions to unrecognized tax benefits for decreases in tax positions taken in prior years, settlements and the lapse of statutes of limitations are estimated to total approximately $9 million. The Company classifies interest expense and penalties related to income taxes as components of its income tax provision. The income tax provision from continuing operations included interest expense and penalties on unrecognized tax benefits of less than $1 million in each of 2016, 2015 and 2014. Accrued interest expense and penalties related to unrecognized tax benefits totaled $2 million and $4 million at December 31, 2016 and 2015, respectively.

The Company's federal tax returns for 2012 and 2014 through 2016 and tax returns in certain states and foreign jurisdictions for 2006 through 2016 remain subject to examination by taxing authorities. At December 31, 2016, the Company had federal net operating loss carry-forwards of $84 million, which expire in 2017 through 2031, state net operating loss carry-forwards of $561 million, which expire in 2017 through 2036, and foreign net operating loss carry-forwards of $120 million, $47 million of which expire in 2017 through 2036, and the remainder of which do not expire.

6. Employee Stock and Savings Plans

Stock Plans

The Company recognizes the fair value of share-based compensation awards granted to employees in cost of processing and services, cost of product, and selling, general and administrative expense in its consolidated statements of income.

The Company's share-based compensation primarily consists of the following:

Stock Options – The Company grants stock options to employees and non-employee directors at exercise prices equal to the fair market value of the Company's stock on the dates of grant, which are typically in the first quarter of the year. Stock options generally vest over a three-year period beginning on the first anniversary of the grant. All stock options expire ten years from the date of the award. The Company recognizes compensation expense for the fair value of the stock options over the requisite service period of the stock option award.

Restricted Stock Units – The Company awards restricted stock units to employees and non-employee directors. The Company recognizes compensation expense for restricted stock units based on the market price of the common stock on the date of award over the period during which the awards vest. Restricted stock units generally vest over a three-year period beginning on the second anniversary of the award.

Performance Share Units – The Company awards performance share units to employees. The number of shares issued at the end of the performance period is determined by the level of achievement of pre-determined earnings and revenue growth performance goals. The Company recognizes the expense, which is determined by utilizing a

probability assessment that the performance goals will be achieved, ratably over the requisite performance period of the award.

Employee Stock Purchase Plan – The Company maintains an employee stock purchase plan that allows eligible employees to purchase a limited number of shares of common stock each quarter through payroll deductions at 85% of the closing price of the Company's common stock on the last business day of each calendar quarter. The Company recognizes compensation expense related to the 15% discount on the purchase date.

Share-based compensation expense was $68 million in 2016, $65 million in 2015 and $49 million in 2014. Share-based compensation in 2016 includes expense recognized on performance share units as management views the performance goals as probable of attainment. The income tax benefits related to share-based compensation totaled $23 million, $22 million and $17 million in 2016, 2015 and 2014, respectively. At December 31, 2016, the total remaining unrecognized compensation cost for unvested stock options, restricted stock units and performance share units, net of estimated forfeitures, of $85 million is expected to be recognized over a weighted-average period of 2.3 years.

The weighted-average estimated fair value of stock options granted during 2016, 2015 and 2014 was $31.47, $25.51 and $18.90 per share, respectively. The fair values of stock options granted were estimated on the date of grant using a binomial option-pricing model with the following assumptions:

	2016	2015	2014
Expected life (in years)	6.4	6.4	6.3
Average risk-free interest rate	1.9%	1.9%	2.0%
Expected volatility	29.3%	29.2%	29.6%
Expected dividend yield	0%	0%	0%

The Company determined the expected life of stock options using historical data adjusted for known factors that could alter historical exercise behavior. The risk-free interest rate is based on the U.S. treasury yield curve in effect as of the grant date. Expected volatility is determined using weighted-average implied market volatility combined with historical volatility. The Company believes that a blend of historical volatility and implied volatility better reflects future market conditions and better indicates expected volatility than purely historical volatility.

A summary of stock option activity is as follows:

	Shares (In thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In millions)
Stock options outstanding - December 31, 2015	8,589	$ 40.00		
Granted	1,010	97.07		
Forfeited	(105)	80.34		
Exercised	(1,751)	35.02		
Stock options outstanding - December 31, 2016	7,743	$ 48.03	5.6	$ 451
Stock options exercisable - December 31, 2016	5,667	$ 35.32	4.5	$ 402

A summary of restricted stock and performance share unit activity is as follows:

	Restricted Stock Units		Performance Share Units	
	Shares (In thousands)	Weighted-Average Grant Date Fair Value	Shares (In thousands)	Weighted-Average Grant Date Fair Value
Units - December 31, 2015	1,560	$ 50.72	—	$ —
Granted	374	97.32	150	100.68
Forfeited	(78)	68.18	(1)	96.65
Vested	(592)	45.09	—	—
Units - December 31, 2016	1,264	$ 66.04	149	$ 100.66

The table below presents additional information related to stock option and restricted stock unit activity:

(In millions)	2016	2015	2014
Total intrinsic value of stock options exercised	$ 113	$ 123	$ 43
Fair value of restricted stock units vested	58	41	35
Income tax benefit from stock options exercised and restricted stock units vested	62	61	29
Cash received from stock options exercised	39	35	33

As of December 31, 2016, 19.0 million share-based awards were available for grant under the Fiserv, Inc. 2007 Omnibus Incentive Plan. Under its employee stock purchase plan, the Company issued 0.5 million shares in each of 2016 and 2015, and 0.6 million shares in 2014. As of December 31, 2016, there were 9.4 million shares available for issuance under the employee stock purchase plan. The number of shares remaining available for future issuance under the employee stock purchase plan is subject to an annual increase on the first day of each fiscal year equal to the lesser of (i) 2.0 million shares, (ii) 1% of the shares of the Company's common stock outstanding on such date or (iii) a lesser amount determined by the Company's board of directors.

Employee Savings Plans

The Company and its subsidiaries have defined contribution savings plans covering substantially all employees. Under the plans, eligible participants may elect to contribute a specified percentage of their salaries and the Company makes matching contributions, each subject to certain limitations. Expenses for company contributions under these plans totaled $42 million, $40 million and $37 million in 2016, 2015 and 2014, respectively.

7. Leases, Commitments and Contingencies

Leases

The Company leases certain facilities and equipment under operating leases. Most leases contain renewal options for varying periods. Future minimum rental payments on operating leases with initial non-cancellable lease terms in excess of one year were due as follows at December 31, 2016:

(In millions)	
Year ending December 31,	
2017	$ 107
2018	91
2019	68
2020	35
2021	28
Thereafter	95
Total	$ 424

Rent expense for all operating leases was $117 million, $115 million and $108 million during 2016, 2015 and 2014, respectively.

Commitments and Contingencies

Litigation

In the normal course of business, the Company or its subsidiaries are named as defendants in lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on the Company's consolidated financial statements.

Electronic Payments Transactions

In connection with the Company's processing of electronic payments transactions, funds received from subscribers are invested from the time the Company collects the funds until payments are made to the applicable recipients. These subscriber funds are invested in short-term, highly liquid investments. Subscriber funds, which are not included in the Company's consolidated

balance sheets, can fluctuate significantly based on consumer bill payment and debit card activity and totaled approximately $1.9 billion at December 31, 2016.

Indemnifications and Warranties

Subject to limitations and exclusions, the Company may indemnify its clients from certain costs resulting from claims of patent, copyright or trademark infringement associated with its clients' use of the Company's products or services. The Company may also warrant to clients that its products and services will operate substantially in accordance with identified specifications. From time to time, in connection with sales of businesses, the Company agrees to indemnify the buyers for liabilities associated with the businesses that are sold. Payments, net of recoveries, under such indemnification or warranty provisions were not material to the Company's consolidated results of operations or financial position.

8. Business Segment Information

The Company's operations are comprised of the Payments segment and the Financial segment. The Payments segment primarily provides electronic bill payment and presentment services, internet and mobile banking software and services, person-to-person payment services, debit and credit card processing and services, and other electronic payments software and services. The businesses in this segment also provide card and print personalization services, investment account processing services for separately managed accounts, and fraud and risk management products and services. The Financial segment provides banks, thrifts, credit unions, and leasing and finance companies with account processing services, item processing and source capture services, loan origination and servicing products, cash management and consulting services, and other products and services that support numerous types of financial transactions. Corporate and Other primarily consists of unallocated corporate expenses including share-based compensation, amortization of acquisition-related intangible assets, intercompany eliminations and other costs that are not considered when management evaluates segment performance.

(In millions)	Payments	Financial	Corporate and Other	Total
2016				
Processing and services revenue	$ 2,334	$ 2,285	$ 6	$ 4,625
Product revenue	756	192	(68)	880
Total revenue	3,090	2,477	(62)	5,505
Operating income	943	823	(321)	1,445
Total assets	6,143	3,287	313	9,743
Capital expenditures	161	125	4	290
Depreciation and amortization expense	138	89	184	411
2015				
Processing and services revenue	$ 2,159	$ 2,256	$ (4)	$ 4,411
Product revenue	703	187	(47)	843
Total revenue	2,862	2,443	(51)	5,254
Operating income	840	826	(355)	1,311
Total assets	5,833	3,242	265	9,340
Capital expenditures	230	119	10	359
Depreciation and amortization expense	119	76	222	417
2014				
Processing and services revenue	$ 2,030	$ 2,195	$ (6)	$ 4,219
Product revenue	717	172	(42)	847
Total revenue	2,747	2,367	(48)	5,066
Operating income	768	773	(331)	1,210
Total assets	5,850	3,225	233	9,308
Capital expenditures	176	107	9	292
Depreciation and amortization expense	102	71	231	404

Revenue from clients outside the United States comprised approximately 5% of total revenue in 2016 and 6% in each of 2015 and 2014.

9. Quarterly Financial Data (unaudited)

Quarterly financial data for 2016 and 2015 was as follows:

(In millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
2016					
Total revenue	$ 1,331	$ 1,363	$ 1,380	$ 1,431	$ 5,505
Cost of processing and services	553	547	551	561	2,212
Cost of product	181	180	186	200	747
Selling, general and administrative expenses	258	274	274	295	1,101
Total expenses	992	1,001	1,011	1,056	4,060
Operating income	339	362	369	375	1,445
Net income [1]	289	212	214	215	930
Comprehensive income	294	207	219	208	928
Net income per share: [2]					
Basic	$ 1.30	$ 0.95	$ 0.98	$ 0.99	$ 4.22
Diluted	$ 1.27	$ 0.94	$ 0.96	$ 0.98	$ 4.15
2015					
Total revenue	$ 1,275	$ 1,298	$ 1,313	$ 1,368	$ 5,254
Cost of processing and services	542	542	541	553	2,178
Cost of product	181	168	172	210	731
Selling, general and administrative expenses	238	262	258	276	1,034
Total expenses	961	972	971	1,039	3,943
Operating income	314	326	342	329	1,311
Net income [3]	178	127	218	189	712
Comprehensive income	170	132	209	190	701
Net income per share: [2]					
Basic	$ 0.75	$ 0.54	$ 0.94	$ 0.83	$ 3.04
Diluted	$ 0.73	$ 0.53	$ 0.92	$ 0.81	$ 2.99

(1) During the first quarter of 2016, the Company recognized $146 million associated with its pre-tax share of a net gain on the sale of a business interest by StoneRiver, with related tax expense of $54 million. Refer to Note 3 for more information regarding the Company's investment in StoneRiver.

(2) Net income per share in each period is calculated using actual, unrounded amounts.

(3) In May 2015, the Company recorded a pre-tax loss on early debt extinguishment of $85 million associated with the redemption of certain of its senior notes funded from the proceeds of a public offering of senior notes. Refer to Note 4 for more information regarding the Company's long-term debt.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Fiserv, Inc.:

We have audited the accompanying consolidated balance sheets of Fiserv, Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Fiserv, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
February 23, 2017

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

(a) Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2016.

(b) Management Report on Internal Control Over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. Based on management's assessment, our management believes that, as of December 31, 2016, our internal control over financial reporting was effective based on those criteria.

Our independent registered public accounting firm has issued their attestation report on our internal control over financial reporting. The report is included below under the heading "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting."

(c) Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(d) Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Our independent registered public accounting firm, Deloitte & Touche LLP, assessed the effectiveness of our internal control over financial reporting and has issued their report as set forth below.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Fiserv, Inc.:

We have audited the internal control over financial reporting of Fiserv, Inc. and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2016 of the Company and our report dated February 23, 2017 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
February 23, 2017

Item 9B. Other Information

John Y. Kim was appointed to the board of directors of the Company on July 11, 2016. On February 22, 2017, he was appointed to the audit committee of the board of directors.

Mr. Kim participates in the Company's standard non-employee director compensation arrangements set forth on the Non-Employee Director Compensation Schedule filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015. In connection with his election, Mr. Kim entered into the Company's Non-Employee Director Indemnity Agreement, a form of which was filed as Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Except for information concerning our executive officers included in Part I of this Form 10-K under the caption "Executive Officers of the Registrant," which is incorporated by reference herein, and the information regarding our Code of Conduct below, the information required by Item 10 is incorporated by reference to the information set forth under the captions "Our Board of Directors," "Nominees for Election," "Corporate Governance – Committees of the Board of Directors – Audit Committee," "Corporate Governance – Nominations of Directors," and "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive proxy statement for our 2017 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2016.

Our board of directors has adopted a Code of Conduct that applies to all of our directors and employees, including our chief executive officer, chief financial officer, chief accounting officer and other persons performing similar functions. We have posted a copy of our Code of Conduct on the "About – For Investors – Corporate Governance" section of our website at www.fiserv.com. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, or waivers from, the Code of Conduct by posting such information on the "About – For Investors" section of our website at www.fiserv.com. We are not including the information contained on our website as part of, or incorporating it by reference into, this report.

Item 11. Executive Compensation

The information required by Item 11 is incorporated by reference to the information set forth under the captions "Director Compensation," "Compensation Discussion and Analysis," "Compensation Committee Report," "Compensation Committee Interlocks and Insider Participation," and "Executive Compensation" in our definitive proxy statement for our 2017 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2016.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in our definitive proxy statement for our 2017 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2016, is incorporated by reference herein.

Equity Compensation Plan Information

The table below sets forth information with respect to compensation plans under which equity securities are authorized for issuance as of December 31, 2016.

	(a)	(b)	(c)
Plan Category	**Number of shares to be issued upon exercise of outstanding options, warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Equity compensation plans approved by our shareholders [1]	7,967,409 [2]	$48.03 [3]	19,012,510 [4]
Equity compensation plans not approved by our shareholders	N/A	N/A	N/A
Total	7,967,409	$48.03 [3]	19,012,510

(1) Columns (a) and (c) of the table above do not include 1,189,096 unvested restricted stock units outstanding under the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Incentive Plan") or 9,431,608 shares authorized for issuance under the Fiserv, Inc. Amended and Restated Employee Stock Purchase Plan. The number of shares remaining available for future issuance under the employee stock purchase plan is subject to an annual increase on the first day of each fiscal year equal to the lesser of (i) 2,000,000 shares, (ii) 1% of the shares of our common stock outstanding on such date or (iii) a lesser amount determined by our board of directors.

(2) Consists of options outstanding under the Incentive Plan and the Fiserv, Inc. Stock Option and Restricted Stock Plan as well as 149,013 shares subject to performance share units at the target award level under the Incentive Plan and 75,309 shares subject to non-employee director deferred compensation notional units under the Incentive Plan.

(3) Represents the weighted average exercise price of outstanding options and does not take into account outstanding performance share units or non-employee director deferred compensation notional units.

(4) Reflects the number of shares available for future issuance under the Incentive Plan. No additional awards may be granted under the Fiserv, Inc. Stock Option and Restricted Stock Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated by reference to the information set forth under the captions "Corporate Governance – Director Independence," and "Corporate Governance – Review, Approval or Ratification of Transactions with Related Persons," in our definitive proxy statement for our 2017 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2016.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 is incorporated by reference to the information set forth under the captions "Independent Registered Public Accounting Firm and Fees" and "Audit Committee Pre-Approval Policy" in our definitive proxy statement for our 2017 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the close of the fiscal year ended December 31, 2016.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Financial Statement Schedules

Financial statement schedules have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or accompanying notes.

Exhibits

The exhibits listed in the accompanying exhibit index are filed as part of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 23, 2017.

FISERV, INC.

By: /s/ Jeffery W. Yabuki
Jeffery W. Yabuki
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 23, 2017.

Name	Capacity
/s/ Daniel P. Kearney Daniel P. Kearney	Chairman of the Board
/s/ Jeffery W. Yabuki Jeffery W. Yabuki	Director, President and Chief Executive Officer (Principal Executive Officer)
/s/ Robert W. Hau Robert W. Hau	Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ Kenneth F. Best Kenneth F. Best	Chief Accounting Officer (Principal Accounting Officer)
/s/ Alison Davis Alison Davis	Director
/s/ John Kim John Kim	Director
/s/ Dennis F. Lynch Dennis F. Lynch	Director
/s/ Denis J. O'Leary Denis J. O'Leary	Director
/s/ Glenn M. Renwick Glenn M. Renwick	Director
/s/ Kim M. Robak Kim M. Robak	Director
/s/ JD Sherman JD Sherman	Director
/s/ Doyle R. Simons Doyle R. Simons	Director
/s/ Thomas C. Wertheimer Thomas C. Wertheimer	Director

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1	Restated Articles of Incorporation (1)
3.2	Amended and Restated By-laws (2)
4.1	Second Amended and Restated Credit Agreement, dated as of April 30, 2015, among Fiserv, Inc. and the financial institutions party thereto (3)
4.2	Loan Agreement, dated as of October 25, 2013, among Fiserv, Inc. and the financial institutions party thereto (4)
4.3	Amendment No. 1 to Loan Agreement, dated as of April 30, 2015, among Fiserv, Inc. and the financial institutions party thereto (3)
4.4	Indenture, dated as of November 20, 2007, by and among Fiserv, Inc., the guarantors named therein and U.S. Bank National Association (5)
4.5	Sixth Supplemental Indenture, dated as of September 21, 2010, among Fiserv, Inc., the guarantors named therein and U.S. Bank National Association (6)
4.6	Eighth Supplemental Indenture, dated as of June 14, 2011, among Fiserv, Inc., the guarantors named therein and U.S. Bank National Association (7)
4.7	Tenth Supplemental Indenture, dated as of September 25, 2012, among Fiserv, Inc., the guarantors named therein and U.S. Bank National Association (8)
4.8	Twelfth Supplemental Indenture, dated as of May 22, 2015, between Fiserv, Inc. and U.S. Bank National Association (9)
4.9	Thirteenth Supplemental Indenture, dated as of May 22, 2015, between Fiserv, Inc. and U.S. Bank National Association (9)
	Pursuant to Item 601(b)(4)(iii) of Regulation S-K, the Company agrees to furnish to the Securities and Exchange Commission, upon request, any instrument defining the rights of holders of long-term debt that is not filed as an exhibit to this Form 10-K.
10.1	Fiserv, Inc. Amended and Restated 2007 Omnibus Incentive Plan (10)*
	Fiserv, Inc. Amended and Restated 2007 Omnibus Incentive Plan Forms of Award Agreements
10.2	- Form of Restricted Stock Unit Agreement (Non-Employee Director) (11)*
10.3	- Form of Restricted Stock Unit Agreement (Employee-PR)*
10.4	- Form of Amendment to Restricted Stock Unit Agreement (Employee-PR) (12)*
10.5	- Form of Restricted Stock Unit Agreement (Employee-E)*
10.6	- Form of Restricted Stock Unit Agreement (Employee-N)*
10.7	- Form of Non-Qualified Stock Option Agreement (Non-Employee Director) (11)*
10.8	- Form of Stock Option Agreement (Employee-F)*
10.9	- Form of Amendment to Stock Option Agreement (Employee-F) (12)*
10.10	- Form of Stock Option Agreement (Employee-E)*
10.11	- Form of Stock Option Agreement (Employee-N)*
10.12	- Form of Non-Qualified Stock Option Agreement (Special Equity Award 2008) (13)*
10.13	- Form of Performance Share Unit Agreement (Employee-PR)*
10.14	- Form of Performance Share Unit Agreement (Employee-E)*
10.15	- Form of Performance Share Unit Agreement (Employee-N)*
10.16	Amended and Restated Employment Agreement, dated December 22, 2008, between Fiserv, Inc. and Jeffery W. Yabuki (14)*
10.17	Amendment No. 1 to Amended and Restated Employment Agreement, dated February 26, 2009, between Fiserv, Inc. and Jeffery W. Yabuki (15)*
10.18	Amendment No. 2 to Amended and Restated Employment Agreement, dated December 30, 2009, between Fiserv, Inc. and Jeffery W. Yabuki (16)*
10.19	Amendment No. 3 to Amended and Restated Employment Agreement, dated March 29, 2016, between Fiserv, Inc. and Jeffery W. Yabuki (17)*
10.20	Amended and Restated Key Executive Employment and Severance Agreement, dated December 22, 2008, between Fiserv, Inc. and Jeffery W. Yabuki (14)*
10.21	Amendment No. 1 to Amended and Restated Key Executive Employment and Severance Agreement, dated March 29, 2016, between Fiserv, Inc. and Jeffery W. Yabuki (17)*

10.22	Employment Agreement, dated January 3, 2011, between Fiserv, Inc. and Mark A. Ernst (18)*
10.23	Employment Agreement, dated October 27, 2009, between Fiserv, Inc. and Steven Tait (19)*
10.24	Amendment No. 1 to Employment Agreement, dated December 11, 2009, between Fiserv, Inc. and Steven Tait (19)*
10.25	Employment Agreement, dated February 23, 2010, between Fiserv, Inc. and Lynn S. McCreary (20)*
10.26	Amendment No. 1 to Employment Agreement, dated July 1, 2013, between Fiserv, Inc. and Lynn S. McCreary (20)*
10.27	Employment Agreement, dated November 7, 2013, between Fiserv, Inc. and Byron C. Vielehr (10)*
10.28	Employment Agreement, dated May 21, 2014, between Fiserv, Inc. and Kevin P. Gregoire (21)*
10.29	Letter Agreement, dated October 22, 2014, between Fiserv, Inc. and Kevin J. Schultz (12)*
10.30	Form of Amended and Restated Key Executive Employment and Severance Agreement, between Fiserv, Inc. and each of Mark Ernst, Kevin Gregoire, Lynn McCreary, Kevin Schultz, Steven Tait and Byron Vielehr (14)*
10.31	Letter Agreement, effective February 10, 2016, between Fiserv, Inc. and Robert W. Hau (22)*
10.32	Form of Key Executive Employment and Severance Agreement between Fiserv, Inc. and Robert W. Hau (23)*
10.33	Letter Agreement, effective October 31, 2016, between Fiserv, Inc. and Devin B. McGranahan*
10.34	Key Executive Employment and Severance Agreement, dated October 31, 2016, between Fiserv, Inc. and Devin B. McGranahan*
10.35	Fiserv, Inc. Non-Qualified Deferred Compensation Plan*
10.36	Form of Non-Employee Director Indemnity Agreement (13)
10.37	Fiserv, Inc. Non-Employee Director Deferred Compensation Plan (13)*
10.38	Non-Employee Director Compensation Schedule (24)*
21.1	Subsidiaries of Fiserv, Inc.
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

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* This exhibit is a management contract or compensatory plan or arrangement.

** Filed with this Annual Report on Form 10-K are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income for the years ended December 31, 2016, 2015, and 2014, (ii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2016, 2015, and 2014, (iii) the Consolidated Balance Sheets at December 31, 2016 and 2015, (iv) the Consolidated Statements of Shareholders' Equity for the years ended December 31, 2016, 2015, and 2014, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015, and 2014, and (vi) Notes to Consolidated Financial Statements.

(1) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on December 3, 2013, and incorporated herein by reference.

(2) Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed on February 19, 2016, and incorporated herein by reference.

(3) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on May 5, 2015, and incorporated herein by reference.

(4) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on October 29, 2013, and incorporated herein by reference.

(5) Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (File No. 333-147309) filed on November 13, 2007, and incorporated herein by reference.

(6) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on September 21, 2010, and incorporated herein by reference.

(7) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on June 14, 2011, and incorporated herein by reference.

(8) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on September 25, 2012, and incorporated herein by reference.

(9) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on May 22, 2015, and incorporated herein by reference.

(10) Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed on February 20, 2014, and incorporated herein by reference.

(11) Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed on February 24, 2012, and incorporated herein by reference.

(12) Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed on February 20, 2015, and incorporated herein by reference.

(13) Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed on February 28, 2008, and incorporated herein by reference.

(14) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on December 23, 2008, and incorporated herein by reference.

(15) Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed on February 27, 2009, and incorporated herein by reference.

(16) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on December 30, 2009, and incorporated herein by reference.

(17) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on April 1, 2016, and incorporated herein by reference.

(18) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on May 27, 2011, and incorporated herein by reference.

(19) Previously filed as an exhibit to the Company's Annual Report on Form 10-K filed on February 26, 2010, and incorporated herein by reference.

(20) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed on October 30, 2013, and incorporated herein by reference.

(21) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed on July 30, 2014, and incorporated herein by reference.

(22) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on February 16, 2016, and incorporated herein by reference.

(23) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed on May 6, 2016, and incorporated herein by reference.

(24) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed on July 30, 2015, and incorporated herein by reference.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD MEMORANDUM –
EMPLOYEE

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Number of Shares Subject to Award:	*[NUMBER OF SHARES]*
Vesting Schedule:	*[VESTING SCHEDULE]*

Additional terms and conditions of your Award are included in the Restricted Stock Unit Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 4(c) of the Restricted Stock Unit Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you Restricted Stock Units (the "Award") entitling you to receive such number of shares of Company common stock (the "Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date.** The Award is granted to you on the Grant Date set forth in the Award Memorandum.

2. **Vesting.** Provided that you are an employee as of the applicable date, this Award will vest as indicated in the Award Memorandum, and, subject to any deferral election then in effect, the Shares subject to this Award will be issued as indicated in this Agreement.

3. **Termination of Award**. Your Award shall terminate in all events on the earlier of (a) the date upon which vesting is no longer permitted pursuant to Section 5 of this Agreement or (b) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

4. **Confidential Information; Non-Competition; Related Covenants**.

   (a) Definitions.

   (i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

   (ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise becomes part of the public domain through no fault of yours; or (B) information that is disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

   (iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 4, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or, where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 4 is necessary to protect the Company, and that a breach of any of this Section 4 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 4, or any part thereof, the Company, and its successors and assigns, shall

be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 4, or to enjoin you from performing services in breach of Section 4(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 4, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 4 AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

5. **Termination of Employment**.

(a) *Vesting.* If you cease to be an employee of the Company or any subsidiary of the Company for any reason (a "Termination Event"), the unvested portion of the Award shall terminate on the date on which such Termination Event occurs; provided that, if the reason for your Termination Event is death, Disability or Retirement, then the number of Shares issuable under this Award as of the date of your death, Disability or Retirement, subject to any deferral election then in effect, shall be calculated as follows: (i) the total number of Shares subject to this Award divided by four times (ii) the number of Grant Date anniversaries that have occurred since the Grant Date minus (iii) the number of Shares already issued to you or deferred pursuant to the Award.

For purposes of this Section 5, "Retirement" means the cessation of service as an employee for any reason other than death, Disability or termination for Cause and (A) you are at least 60 years of age and your age plus years of service to the Company and its subsidiaries is equal to or greater than 70 or (B) you are least 65 years of age.

If you are regularly scheduled to work less than 20 hours per calendar week for the Company or any subsidiary of the Company, you will be deemed to have experienced a Termination Event.

(b) *Change of Control.* If a Change of Control of the Company occurs, the provisions of Section 17(c) of the Plan shall apply to this Award. If the successor or purchaser in the Change of Control has assumed the Company's obligations with respect to this Award or provided a substitute award as contemplated by Section 17(c)(i) of the Plan and, within 12 months following the occurrence of the Change of Control, you are terminated without Cause or you terminate your employment for Good Reason (as hereinafter defined), this Award or such substitute award shall become fully vested, and the provisions of Section 4 shall immediately cease to apply.

"Good Reason" means your suffering any of the following events without your consent: (x) significant or material lessening of your responsibilities; (y) a reduction in your annual base salary or a material reduction in the level of incentive compensation for which you have been eligible during the two years immediately prior to the occurrence of the Change of Control and/or a material adverse change in the conditions governing receipt of such incentive compensation from those that prevailed prior to the occurrence of the Change of Control; or (z) the Company requiring you to be based anywhere other than within 50 miles of your place of employment at the

time of the occurrence of the Change of Control, except for reasonably required travel to an extent substantially consistent with your business travel obligations.

(c) *Service as Director.* For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(d) *No Further Obligation*. The Company will have no further obligations to you under this Award if the Award terminates as provided herein.

6. **Deferral of Restricted Stock Units**. If you are eligible to, and properly elect to, defer delivery of all or part of the Shares otherwise issuable under this Award, such deferral will be governed by the Restricted Stock Unit Deferral Election Form executed by you separately from this Agreement.

7. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Shares to you as soon as practicable after the Award vests, or, if a deferral election was made, at the time specified in the Deferral Election Form; provided that, if no deferral election is in effect and vesting occurs as a result of your Retirement, the Shares will be delivered upon your separation from service within the meaning of Code Section 409A, or if you are a specified employee within the meaning of Code Section 409A, immediately following the six-month anniversary of the date of your separation from service. If you die before the Company has distributed any portion of the vested Shares, the Company will issue the Shares to your estate or in accordance with applicable laws of descent and distribution. The Shares will be issued and delivered in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to this Award or the Shares, (b) any applicable federal or state laws, and/or (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") or any stock exchange upon which the Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Shares to reference any of the foregoing restrictions.

8. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Shares have been issued under this Award, this Award and the Shares issuable hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Award and the rights and privileges conferred hereby shall immediately become null and void.

9. **Conditions to Issuance of Shares**. The Shares issued to you hereunder may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the date of vesting of the Award or the payment event specified in a deferral election as the Compensation Committee may establish from time to time for reasons of administrative convenience (provided that any such period shall be in compliance with Code Section

409A); and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

10. **Dividends; No Rights as Shareholder.** If the Company declares a cash dividend and the dividend record date occurs prior to the date the Award vests, you will be credited with an additional number of Restricted Stock Units on the date the cash dividends are paid to the Company shareholders equal to (a) the amount of cash dividends payable with respect to a number of shares of stock equal to your Restricted Stock Units divided by (b) the Fair Market Value of a Share on the date the dividend is paid. These additional Restricted Stock Units will be subject to the same terms and conditions as the Restricted Stock Units with respect to which the dividend equivalents were credited. Until this Award vests and the Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Shares. Specifically, you understand and agree that you do not have voting rights or, except as provided in this Section 10, the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Award or the Shares subject hereto.

11. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

12. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

13. **Securities and Tax Representations.**

    (a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement and any disposition of Shares and that upon the acquisition of any Shares subject to this Award, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

    (b) You represent and warrant that you understand the federal, state and local income and employment tax consequences associated with the granting of the Award, the vesting of the Award, the deferral of all or a portion of the Shares otherwise issuable upon vesting of the Award, and the subsequent sale or other disposition of any Shares. You understand and agree that when this Award vests and Shares are issued, and you thereby realize gross income (if any) taxable as compensation in respect of such vesting or issuance, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such vesting. You hereby agree to provide the Company with cash funds or Shares equal in value to the federal, state and local taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income in relation to the Award or make other arrangements satisfactory to the Company regarding such amounts. All matters with respect to the total amount to be withheld shall be determined by the Company in its sole discretion.

14. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise

dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Award without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

15. **General Provisions**.

(a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

(b) This Agreement, the Award Memorandum, the Plan and the Restricted Stock Unit Deferral Election Form, if any, contain the entire agreement between the Company and you relating to the Award and the Shares and supersede all prior agreements or understandings relating thereto.

(c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

(d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

(f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

(g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the administrative agent's website (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

(h) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(i) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind this Award and/or the Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your receipt of Shares. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD MEMORANDUM
EMPLOYEE (EC RET)

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Number of Shares Subject to Award:	*[NUMBER OF SHARES]*
Date Vested:	*[VESTING SCHEDULE]*

Additional terms and conditions of your Award are included in the Restricted Stock Unit Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 4(c) of the Restricted Stock Unit Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you Restricted Stock Units (the "Award") entitling you to receive such number of shares of Company common stock (the "Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date.** The Award is granted to you on the Grant Date set forth in the Award Memorandum.

2. **Vesting.** Provided that you are an employee as of the applicable date, this Award will vest as indicated in the Award Memorandum, and, subject to any deferral election then in effect, the Shares subject to this Award will be issued as indicated in this Agreement. This Award also may continue to vest following your Retirement (as defined below) as described in Section 5(a).

3. **Termination of Award**. Your Award shall terminate in all events on the earlier of (a) the date upon which vesting is no longer permitted pursuant to Section 5 of this Agreement or (b) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

4. **Confidential Information; Non-Competition; Related Covenants**.

   (a) Definitions.

      (i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

      (ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise becomes part of the public domain through no fault of yours; or (B) information that is disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

      (iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 4, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or, where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv (or, in the case of Retirement, for a period of 12 months following the later of (x) the date of the last restricted stock unit vesting event following Retirement or (y) the latest date upon which you are entitled to exercise an option following Retirement (in either case, assuming no Post-Retirement Violation)), you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 4 is necessary to protect the Company, and that a breach of any of this Section 4 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 4, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 4, or to enjoin you from performing services in breach of Section 4(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 4, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 4 AND SECTION 5(a)(ii)(F) AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

5. **Termination of Employment.**

(a) **Vesting**. If you cease to be an employee of the Company or any subsidiary of the Company for any reason (a "Termination Event"), the unvested portion of the Award shall terminate on the date on which such Termination Event occurs; provided that, if the reason for your Termination Event is:

(i) death or Disability, then the number of Shares issuable under this Award as of the date of your death or Disability, subject to any deferral election then in effect, shall be calculated as follows: (A) the total number of Shares subject to this Award divided by four times (B) the number of Grant Date anniversaries that have occurred since the Grant Date minus (C) the number of Shares already issued to you or deferred pursuant to the Award;

(ii) Retirement, then the unvested portion of the Award shall continue to vest on the dates indicated in the Award Memorandum as if you had not ceased to be an employee. Notwithstanding the foregoing:

(A) If you receive written notification from the Compensation Committee that you failed to provide for an orderly transition of your duties to a successor, then any portion of the Award that is unvested as of the date of such notification shall terminate as of such date.

(B) If, at any time following your Retirement, one of the following events occurs (a "Post-Retirement Violation"), then any portion of the Award that is unvested as of the date of such Post-Retirement Violation shall terminate as of the date such event occurs: (I) you commence employment of any kind (other than board or public service, work for a not-for-profit or de minimis for-profit employment); (II) you commence work of any kind for a Competitor, including as an employee, board member, consultant or otherwise; or (III) you violate any post-employment covenant applicable to you

under any agreement in effect with, or policy of, the Company or any of its subsidiaries, including without limitation those set forth in Section 4.

(C) If, while this Award is outstanding, you commence employment or other work of any kind following your Retirement, you are required to promptly provide written notice to the Company of the name of your employer and the nature of your position or other work.

(D) If you receive any benefit under this Award after the date of a Post-Retirement Violation, then you will be obligated to repay to the Company the value of such benefit (with such value to be determined by the Company, which may include a reasonable rate of interest) promptly following your receipt of notice of such repayment obligation from the Company.

(E) All determinations regarding whether you have engaged in a Post-Retirement Violation shall be made by the Compensation Committee.

(F) Without limiting any other provision of this Agreement, if a Post-Retirement Violation described in (ii)(B)(II) or (III) above occurs following Retirement, the Company shall be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

Notwithstanding the foregoing, if you die after Retirement and prior to the date the Award vests in full (and provided that a Post-Retirement Violation has not occurred), then the Award shall become fully vested as of the date of your death.

If you are regularly scheduled to work less than 20 hours per calendar week for the Company or any subsidiary of the Company, you will be deemed to have experienced a Termination Event.

(b) **Retirement.** For purposes of this Section 5, "Retirement" means the cessation of service as an employee for any reason other than death, Disability or termination for Cause if:

(i) (A) you are at least 50 years of age and your age plus years of service to the Company and its subsidiaries is equal to or greater than 70 (with at least 5 years of continuous service to the Company and its subsidiaries immediately prior to such cessation of service) or (B) you are at least 55 years of age with at least 5 years of continuous service to the Company and its subsidiaries immediately prior to such cessation of service; and

(ii) you have provided for an orderly transition of your duties to a successor, including by: (A) providing notice to the Company's Chief Executive Officer (or, if you are the Chief Executive Officer, to the Chairman of the Board of Directors) of your consideration of Retirement sufficiently in advance of your proposed date of Retirement; and (B) assisting with the identification and selection of, and transition of your duties to, a successor ((A) and (B) being referred to herein collectively as the "Specified Transition Requirements").

If you meet the criteria in paragraph (i) above and you satisfy the Specified Transition Requirements, your cessation of service will be deemed to be a qualifying Retirement; provided that, the Compensation Committee may determine, within 30 days after your cessation of service, that you failed to provide for an orderly transition of your duties to a successor. By way of example only, this could result from providing too short of notice or not providing an adequate amount of transition assistance.

(c) **Change of Control**. If a Change of Control of the Company occurs, the provisions of Section 17(c) of the Plan shall apply to this Award. If the successor or purchaser in the Change of Control has assumed the Company's obligations with respect to this Award or provided a substitute award as contemplated by Section 17(c)(i) of the Plan and, within 12 months following the occurrence of the Change of Control, you are terminated without Cause or you terminate your employment for Good Reason (as hereinafter defined), this Award or such substitute award shall become fully vested, and the provisions of Section 4 shall immediately cease to apply.

"Good Reason" means your suffering any of the following events without your consent: (x) significant or material lessening of your responsibilities; (y) a reduction in your annual base salary or a material reduction in the level of incentive compensation for which you have been eligible during the two years immediately prior to the occurrence of the Change of Control and/or a material adverse change in the conditions governing receipt of such incentive compensation from those that prevailed prior to the occurrence of the Change of Control; or (z) the Company requiring you to be based anywhere other than within 50 miles of your place of employment at the time of the occurrence of the Change of Control, except for reasonably required travel to an extent substantially consistent with your business travel obligations.

If the Change of Control of the Company occurs after your Retirement and prior to the date this Award has become vested in full (and prior to the occurrence of a Post-Retirement Violation), and if the successor or purchaser in the Change of Control does not either assume the Company's obligations with respect to the Award or provide a substitute award, then this Award shall vest in full immediately prior to the date of such Change of Control.

(d) **Service as Director**. For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(e) **No Further Obligation**. The Company will have no further obligations to you under this Award if the Award terminates as provided herein.

6. **Deferral of Restricted Stock Units**. If you are eligible to, and properly elect to, defer delivery of all or part of the Shares otherwise issuable under this Award, such deferral will be governed by the Restricted Stock Unit Deferral Election Form executed by you separately from this Agreement.

7. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Shares to you as soon as practicable after the Award vests (pursuant to the terms hereof) with respect to such Shares, or, if a deferral election was made, at the time specified in the Deferral Election Form; provided that, if the Award vests as a result of a Termination Event resulting from your Disability after you become Retirement-eligible, then the Shares will be delivered upon the next scheduled vesting date after your separation from service within the meaning of Code Section 409A. If you die before the Company has distributed any portion of the vested Shares, the Company will issue the Shares to your estate or in accordance with applicable laws of descent and distribution. The Shares will be issued and delivered in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to this Award or the Shares, (b) any applicable federal or state laws and (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") or any stock exchange upon which the Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Shares to reference any of the foregoing restrictions.

8. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Shares have been issued under this Award, this Award and the Shares

issuable hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Award and the rights and privileges conferred hereby shall immediately become null and void.

9. **Conditions to Issuance of Shares**. The Shares issued to you hereunder may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the date of vesting of the Award or the payment event specified in a deferral election as the Compensation Committee may establish from time to time for reasons of administrative convenience (provided that any such period shall be in compliance with Code Section 409A); and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

10. **Dividends; No Rights as Shareholder.** If the Company declares a cash dividend and the dividend record date occurs prior to the date the Award vests, you will be credited with an additional number of Restricted Stock Units on the date the cash dividends are paid to the Company shareholders equal to (a) the amount of cash dividends payable with respect to a number of shares of stock equal to your Restricted Stock Units divided by (b) the Fair Market Value of a Share on the date the dividend is paid. These additional Restricted Stock Units will be subject to the same terms and conditions as the Restricted Stock Units with respect to which the dividend equivalents were credited. Until this Award vests and the Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Shares. Specifically, you understand and agree that you do not have voting rights or, except as provided in this Section 10, the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Award or the Shares subject hereto.

11. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

12. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

13. **Securities and Tax Representations.**

    (a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement and any disposition of Shares and that upon the acquisition of any Shares subject to this Award, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

(b) You represent and warrant that you understand the federal, state and local income and employment tax consequences associated with the granting of the Award, the vesting of the Award, the deferral of all or a portion of the Shares otherwise issuable upon vesting of the Award, and the subsequent sale or other disposition of any Shares. You understand and agree that when this Award vests and Shares are issued, and you thereby realize gross income (if any) taxable as compensation in respect of such vesting or issuance, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such vesting. You also understand and agree that the Company may be required to withhold certain payroll taxes in connection with your Retirement or your termination due to Disability prior to the issuance of Shares. You hereby agree to provide the Company with cash funds or Shares equal in value to the federal, state and local payroll and income taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income or wages in relation to the Award or make other arrangements satisfactory to the Company regarding such amounts, which may include deduction of such taxes from other wages owed to you by the Company or its subsidiaries. All matters with respect to the total amount to be withheld shall be determined by the Company in its sole discretion.

14. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Award without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

15. **General Provisions**.

(a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

(b) This Agreement, the Award Memorandum, the Plan and the Restricted Stock Unit Deferral Election Form, if any, contain the entire agreement between the Company and you relating to the Award and the Shares and supersede all prior agreements or understandings relating thereto.

(c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

(d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

(f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

(g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the Company's administrative agent's website (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

(h) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(i) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind this Award and/or the Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your receipt of Shares. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD MEMORANDUM
EMPLOYEE (EC NO RET)

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Number of Shares Subject to Award:	*[NUMBER OF SHARES]*
Date Vested:	*[VESTING SCHEDULE]*

Additional terms and conditions of your Award are included in the Restricted Stock Unit Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 4(c) of the Restricted Stock Unit Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you Restricted Stock Units (the "Award") entitling you to receive such number of shares of Company common stock (the "Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date.** The Award is granted to you on the Grant Date set forth in the Award Memorandum.

2. **Vesting.** Provided that you are an employee as of the applicable date, this Award will vest as indicated in the Award Memorandum, and, subject to any deferral election then in effect, the Shares subject to this Award will be issued as indicated in this Agreement.

3. **Termination of Award**. Your Award shall terminate in all events on the earlier of (a) the date upon which vesting is no longer permitted pursuant to Section 5 of this Agreement or (b) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

4. **Confidential Information; Non-Competition; Related Covenants**.

(a) Definitions.

(i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

(ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise becomes part of the public domain through no fault of yours; or (B) information that is disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

(iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 4, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or, where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 4 is necessary to protect the Company, and that a breach of any of this Section 4 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 4, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 4, or to enjoin you from performing services in breach of Section 4(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 4, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 4 AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

5. **Termination of Employment**.

(a) **Vesting**. If you cease to be an employee of the Company or any subsidiary of the Company for any reason (a "Termination Event"), the unvested portion of the Award shall terminate on the date on which such Termination Event occurs; provided that, if the reason for your Termination Event is death or Disability, then the number of Shares issuable under this Award as of the date of your death or Disability, subject to any deferral election then in effect, shall be calculated as follows: (i) the total number of Shares subject to this Award divided by four times (ii) the number of Grant Date anniversaries that have occurred since the Grant Date minus (iii) the number of Shares already issued to you or deferred pursuant to the Award. If you are regularly scheduled to work less than 20 hours per calendar week for the Company or any subsidiary of the Company, you will be deemed to have experienced a Termination Event.

(b) **Change of Control**. If a Change of Control of the Company occurs, the provisions of Section 17(c) of the Plan shall apply to this Award. If the successor or purchaser in the Change of Control has assumed the Company's obligations with respect to this Award or provided a substitute award as contemplated by Section 17(c)(i) of the Plan and, within 12 months following the occurrence of the Change of Control, you are terminated without Cause or you terminate your employment for Good Reason (as hereinafter defined), this Award or such substitute award shall become fully vested, and the provisions of Section 4 shall immediately cease to apply.

"Good Reason" means your suffering any of the following events without your consent: (x) significant or material lessening of your responsibilities; (y) a reduction in your annual base salary or a material reduction in the level of incentive compensation for which you have been eligible during the two years immediately prior to the occurrence of the Change of Control and/or a material adverse change in the conditions governing receipt of such incentive compensation from those that prevailed prior to the occurrence of the Change of Control; or (z) the Company requiring you to be based anywhere other than within 50 miles of your place of employment at the time of the occurrence of the Change of Control, except for reasonably required travel to an extent substantially consistent with your business travel obligations.

(c) **Service as Director**. For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(d) **No Further Obligation**. The Company will have no further obligations to you under this Award if the Award terminates as provided herein.

6. **Deferral of Restricted Stock Units**. If you are eligible to, and properly elect to, defer delivery of all or part of the Shares otherwise issuable under this Award, such deferral will be governed by the Restricted Stock Unit Deferral Election Form executed by you separately from this Agreement.

7. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Shares to you as soon as practicable after the Award vests (pursuant to the terms hereof) with respect to such Shares, or, if a deferral election was made, at the time specified in the Deferral Election Form. If you die before the Company has distributed any portion of the vested Shares, the Company will issue the Shares to your estate or in accordance with applicable laws of descent and distribution. The Shares will be issued and delivered in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to this Award or the Shares, (b) any applicable federal or state laws and (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") or any stock exchange upon which the Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Shares to reference any of the foregoing restrictions.

8. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Shares have been issued under this Award, this Award and the Shares issuable hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Award and the rights and privileges conferred hereby shall immediately become null and void.

9. **Conditions to Issuance of Shares**. The Shares issued to you hereunder may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the date of vesting of the Award or the payment event specified in a deferral election as the Compensation Committee may establish from time to time for reasons of administrative convenience (provided that any such period shall be in compliance with Code Section 409A); and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

10. **Dividends; No Rights as Shareholder.** If the Company declares a cash dividend and the dividend record date occurs prior to the date the Award vests, you will be credited with an additional number of Restricted Stock Units on the date the cash dividends are paid to the Company shareholders equal to (a) the amount of cash dividends payable with respect to a number of shares of stock equal to your Restricted Stock Units divided by (b) the Fair Market Value of a Share on the date the dividend is paid. These additional Restricted Stock Units will be subject to the same terms and conditions as the Restricted Stock Units with respect to which the dividend equivalents were credited. Until this Award vests and the Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Shares. Specifically, you understand and agree that you do not have voting rights or, except as provided in this Section 10, the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Award or the Shares subject hereto.

11. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

12. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

13. **Securities and Tax Representations.**

    (a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement and any disposition of Shares and that upon the acquisition of any Shares subject to this Award, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

    (b) You represent and warrant that you understand the federal, state and local income and employment tax consequences associated with the granting of the Award, the vesting of the Award, the deferral of all or a portion of the Shares otherwise issuable upon vesting of the Award, and the subsequent sale or other disposition of any Shares. You understand and agree that when this Award vests and Shares are issued, and you thereby realize gross income (if any) taxable as compensation in respect of such vesting or issuance, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such vesting. You hereby agree to provide the Company with cash funds or Shares equal in value to the federal, state and local payroll and income taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income or wages in relation to the Award or make other arrangements satisfactory to the Company regarding such amounts, which may include deduction of such taxes from other wages owed to you by the Company or its subsidiaries. All matters with respect to the total amount to be withheld shall be determined by the Company in its sole discretion.

14. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any

Shares acquired under this Award without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

15. **General Provisions**.

(a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

(b) This Agreement, the Award Memorandum, the Plan and the Restricted Stock Unit Deferral Election Form, if any, contain the entire agreement between the Company and you relating to the Award and the Shares and supersede all prior agreements or understandings relating thereto.

(c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

(d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

(f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

(g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the Company's administrative agent's website (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

(h) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(i) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind this Award and/or the Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your receipt of Shares. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
STOCK OPTION AWARD MEMORANDUM –
EMPLOYEE

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Number of Shares Subject to Option:	*[NUMBER OF SHARES]*
Exercise Price Per Option Share:	*[EXERCISE PRICE]*
Type of Option:	
Vesting Schedule:	*[VESTING SCHEDULE]*
Expiration Date:	10 years after the Grant Date

Additional terms and conditions of your Award are included in the Stock Option Agreement. As a condition to your ability to exercise your Option, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 5(c) of the Stock Option Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

STOCK OPTION AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you an Option to purchase such number of shares of Company Common Stock (the "Option Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date; Type of Option**. The Option is granted to you on the Grant Date set forth in the Award Memorandum. If the Option is designated as a "non-qualified stock option" in the Award Memorandum, then the Option will not be treated by you or the Company as an incentive stock option as defined in Section 422 of the Code. If the Option is designated as an "incentive stock option" in the Award Memorandum, then the Option is intended to satisfy the requirements of Section 422 of the Code.

2. **Termination of Option**. Your right to exercise the Option and to purchase the Option Shares shall expire and terminate in all events on the earliest of (a) the Expiration Date set forth in the Award Memorandum or (b) the date upon which exercise is no longer permitted pursuant to Section 7 of this Agreement or (c) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

3. **Exercise Price**. The purchase price to be paid upon the exercise of the Option will be the Exercise Price Per Option Share set forth in the Award Memorandum.

4. **Vesting; Provisions Relating to Exercise.** Once you become entitled to exercise any part of the Option (and to purchase Option Shares) pursuant to the vesting schedule set forth in the Award Memorandum, that right will continue until the date on which the Option expires and terminates. The right to purchase Option Shares under the Option is cumulative, so that if the full number of Option Shares is not purchased in a single transaction, the balance may be purchased at any time or from time to time thereafter during the term of the Option. The Administrator, in its sole discretion, may at any time accelerate the time at which the Option becomes exercisable by you with respect to any Option Shares. The Company may cancel, rescind, suspend, withhold or otherwise limit or restrict any unexpired, unpaid or deferred part of the Option at any time if you are not in compliance with all applicable provisions of this Agreement, the Award Memorandum and the Plan.

5. **Confidential Information, Non-Competition and Related Covenants**.

   (a) Definitions.

      (i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

      (ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise becomes part of the public domain through no fault of yours; or (B) information that is

disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

(iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 5, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You

agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 5 is necessary to protect the Company, and that a breach of any of this Section 5 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 5, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 5, or to enjoin you from performing services in breach of Section 5(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 5, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 5 AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

6. **Exercise of Option.** To exercise the Option, you must complete the transaction through our administrative agent's website at www.netbenefits.fidelity.com or call its toll free number at (800) 544-9354, specifying the number of Option Shares being purchased as a result of such exercise, and make payment of the full Exercise Price for the Option Shares being purchased. In no event may a fraction of a share be exercised or acquired. You must also pay any taxes or other amounts required to be withheld as provided in Section 9 of this Agreement.

7. **Termination of Employment**.

(a) *Vesting*. If you cease to be an employee of the Company or any subsidiary of the Company for any reason other than Cause (a "Termination Event"), the Option may be exercised to the same extent that you were entitled to exercise the Option on the date of the Termination Event and had not previously done so. The remaining Option Shares that are not vested on such date shall become exercisable as follows:

Reason for Termination Event	Unvested Option Shares that Become Exercisable
Death, Disability, or Retirement	100%
Any other reason	0%

For purposes of this Section 7, "Retirement" means the cessation of service as an employee for any reason other than death, Disability or termination for Cause and (A) you are at least 60 years of age and your age plus years of service to the Company and its subsidiaries is equal to or greater than 70 or (B) you are least 65 years of age.

If you are regularly scheduled to work less than 20 hours per calendar week for the Company or any subsidiary of the Company, you will be deemed to have experienced a Termination Event.

(b) *Deadline for Exercise*.

(i) If your Termination Event is by reason of death, Disability or Retirement, you are (or in the event of your death or Disability resulting in judicial appointment of a guardian ad litem, administrator or other legal representative, the executor or administrator of your estate, any person who shall have acquired the Option through bequest or inheritance or such guardian ad litem, administrator or other legal representative is) entitled to exercise the Option per the terms contained herein within one year after you experience said Termination Event.

(ii) Subject to Section 7(d), if your Termination Event is for a reason other than death, Disability or Retirement, you are entitled to exercise the Option per the terms contained herein within 90 days after you experience said Termination Event.

(iii) If you die within the exercise periods described in subsections (i) and (ii) above, your executor, the administrator of your estate, or your beneficiary may exercise the Option within one year after your death.

(c) *Expiration*. Notwithstanding any provision contained in this Section 7 to the contrary, in no event may the Option be exercised to any extent by anyone after the Expiration Date set forth in the Award Memorandum.

(d) *For Cause Termination Event*. If your employment is terminated for Cause (a "For Cause Termination Event"), the Option, whether or not vested, shall terminate immediately. For the sake of clarity, in the event that you experience a For Cause Termination Event, there shall be no accelerated vesting under Section 7(a).

(e) *Change of Control*. If a Change of Control of the Company occurs, the provisions of Section 17(c) of the Plan shall apply to the Option. If the successor or purchaser in the Change of Control has assumed the Company's obligations with respect to the Option or provided a substitute award as contemplated by Section 17(c)(i) of the Plan and, within 12 months following the occurrence of the Change of Control, you are terminated without Cause or you terminate your employment for Good Reason (as hereinafter defined), the Option or such substitute award shall become fully vested and exercisable with respect to all Option Shares covered by the Option as of the time immediately prior to such termination of employment and, notwithstanding any other provision hereof, the Option shall become exercisable by you for 90 days following such termination (or such longer period as is otherwise specified in Section 7(b)), and the provisions of Section 5 shall immediately cease to apply.

"Good Reason" means your suffering any of the following events without your consent: (x) a significant or material lessening of your responsibilities; (y) a reduction in your annual base salary or a material reduction in the level of incentive compensation for which you have been eligible during the two years immediately prior to the occurrence of the Change of Control and/or a material adverse change in the conditions governing receipt of such incentive compensation from those that prevailed prior to the occurrence of the Change of Control; or (z) the Company requiring you to be based anywhere other than within 50 miles of your place of employment at the time of the occurrence of the Change of Control, except for reasonably required travel to an extent substantially consistent with your business travel obligations.

(f) *Service as Director*. For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(g) *No Further Obligation*. The Company will have no further obligations to you under this Agreement if the Option ceases to become exercisable as provided herein.

8. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Option Shares to you as soon as practicable after you exercise any part of the Option and pay the Exercise Price Per Option Share and all related withholding taxes. If you die before the Company has distributed any portion of the Option Shares purchased upon exercise, the Company will issue the Option Shares to your estate or in accordance with applicable laws of descent and distribution. The Option Shares will be issued in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to the Option Shares, (b) any applicable federal or state laws, and/or (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") or any stock exchange upon which the Option Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Option Shares to reference any of the foregoing restrictions.

9. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Option Shares have been purchased upon exercise of any part of this Option, this Option and the Option Shares issuable upon exercise hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Option and the rights and privileges conferred hereby shall immediately become null and void.

10. **Conditions to Issuance of Shares**. The Option Shares issued to you hereunder upon exercise and purchase may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Option Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Option Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Option Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the exercise of the Option as the Compensation Committee may establish from time to time for reasons of administrative convenience; and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

11. **No Rights as Shareholder.** Until you exercise any part of this Option, purchase Option Shares and the Option Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Option Shares. Specifically, you understand and agree that you do not have voting rights or the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Option or the Option Shares subject hereto.

12. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

13. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

14. **Securities and Tax Representations.**

    (a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement, the exercise of the Option and any disposition of the Option Shares,and that upon the acquisition of any Option Shares, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

    (b) You represent and warrant that you understand the federal, state and local income and employment tax consequences of the granting of the Option, the exercise of the Option, the purchase of Option Shares, and the subsequent sale or other disposition of any Option Shares. You understand and agree that when you exercise the Option, and thereby realize gross income (if any) taxable as compensation in respect of such exercise, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such exercise unless the Option is an incentive stock option. Accordingly, at or prior to the time that you exercise the Option, you hereby agree to provide the Company with cash funds or Option Shares equal in value to the total federal, state and local taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income in relation to the Option Shares or make other arrangements satisfactory to the Company regarding such amounts. All matters with respect to the total amount to be withheld as a result of the exercise of the Option shall be determined by the Company in its sole discretion.

15. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Option Shares acquired under this Option without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

16. **General Provisions**.

    (a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

    (b) This Agreement, the Award Memorandum and the Plan contain the entire agreement between the Company and you relating to the Option and supersede all prior agreements or understandings relating thereto.

    (c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

(d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

(f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

(g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the administrative agent's website (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

(h) During your lifetime, the Option may only be exercised by you or your legal representatives.

(i) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(j) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind the Option and/or the Option Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your ability to exercise your Option. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
STOCK OPTION AWARD MEMORANDUM
EMPLOYEE (EC RET)

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Number of Shares Subject to Option:	*[NUMBER OF SHARES]*
Exercise Price Per Option Share:	*[EXERCISE PRICE]*
Type of Option:	
Vesting Schedule:	*[VESTING SCHEDULE]*
Expiration Date:	10 years after the Grant Date

Additional terms and conditions of your Award are included in the Stock Option Agreement. As a condition to your ability to exercise your Option, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 5(c) of the Stock Option Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

STOCK OPTION AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you an Option to purchase such number of shares of Company common stock (the "Option Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date; Type of Option.** The Option is granted to you on the Grant Date set forth in the Award Memorandum. If the Option is designated as a "non-qualified stock option" in the Award Memorandum, then the Option will not be treated by you or the Company as an incentive stock option as defined in Section 422 of the Code. If the Option is designated as an "incentive stock option" in the Award Memorandum, then the Option is intended to satisfy the requirements of Section 422 of the Code.

2. **Termination of Option**. Your right to exercise the Option and to purchase the Option Shares shall expire and terminate in all events on the earliest of (a) the Expiration Date set forth in the Award Memorandum or (b) the date upon which exercise is no longer permitted pursuant to Section 7 of this Agreement or (c) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

3. **Exercise Price**. The purchase price to be paid upon the exercise of the Option will be the Exercise Price Per Option Share set forth in the Award Memorandum.

4. **Vesting; Provisions Relating to Exercise.** Once you become entitled to exercise any part of the Option (and to purchase Option Shares) pursuant to the vesting schedule set forth in the Award Memorandum, that right will continue until the date on which the Option expires and terminates. The right to purchase Option Shares under the Option is cumulative, so that if the full number of Option Shares is not purchased in a single transaction, the balance may be purchased at any time or from time to time thereafter during the term of the Option. The Administrator, in its sole discretion, may at any time accelerate the time at which the Option becomes exercisable by you with respect to any Option Shares. The Company may cancel, rescind, suspend, withhold or otherwise limit or restrict any unexpired, unpaid or deferred part of the Option at any time if you are not in compliance with all applicable provisions of this Agreement, the Award Memorandum and the Plan.

5. **Confidential Information, Non-Competition, and Related Covenants**.

   (a) Definitions.

      (i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

      (ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise

becomes part of the public domain through no fault of yours; or (B) information that is disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

(iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 5, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You

agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv (or, in the case of Retirement, for a period of 12 months following the later of (x) the date of the last restricted stock unit vesting event following Retirement or (y) the latest date upon which you are entitled to exercise an option following Retirement (in either case, assuming no Post-Retirement Violation)), you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either

negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 5 is necessary to protect the Company, and that a breach of any of this Section 5 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 5, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 5, or to enjoin you from performing services in breach of Section 5(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 5, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 5 AND SECTION 7(b)(ix) AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

6. **Exercise of Option.** To exercise the Option, you must complete the transaction through our administrative agent's website at www.netbenefits.fidelity.com or call its toll free number at (800) 544-9354, specifying the number of Option Shares being purchased as a result of such exercise, and make payment of the full Exercise Price for the Option Shares being purchased. In no event may a fraction of a share be exercised or acquired. You must also pay any taxes or other amounts required to be withheld as provided in Section 9 of this Agreement.

7. **Termination of Employment**.

(a) *Standard Vesting*. If you cease to be an employee of the Company or any subsidiary of the Company for any reason other than Cause (a "Termination Event"), the Option may be exercised to the same extent that you were entitled to exercise the Option on the date of the Termination Event and had not previously done so. The remaining Option Shares that are not vested on such date shall become exercisable as follows:

Reason for Termination Event	Unvested Option Shares that Become Exercisable
Death or Disability	100%
Retirement	Continued Vesting as Described Below
Any other reason	0%

(b) *Continued Vesting*.

(i) "Retirement" means the cessation of service as an employee for any reason other than death, Disability or termination for Cause if:

(A) (I) you are at least 50 years of age and your age plus years of service to the Company and its subsidiaries is equal to or greater than 70 (with at least 5 years of continuous service to the Company and its subsidiaries immediately prior to such cessation of service) or (II) you are at least 55 years of age with at least 5 years of continuous service to the Company and its subsidiaries immediately prior to such cessation of service; and

(B) you have provided for an orderly transition of your duties to a successor, including by: (I) providing notice to the Company's Chief Executive Officer (or, if you are the Chief Executive Officer, to the Chairman of the Board of Directors) of your consideration of Retirement sufficiently in advance of your proposed date of Retirement; and (II) assisting with the identification and selection of, and transition of your duties to, a successor ((I) and (II) being referred to herein collectively as the "Specified Transition Requirements").

If you meet the criteria in paragraph (A) above and you satisfy the Specified Transition Requirements, your cessation of service will be deemed to be a qualifying Retirement; provided that, the Compensation Committee may determine, within 30 days after your cessation of service, that you failed to provide for an orderly transition of your duties to a successor. By way of example only, this could result from providing too short of notice or not providing an adequate amount of transition assistance.

(ii) After your Retirement, the unvested portion of the Option shall continue to vest on the normal vesting dates indicated in the Award Memorandum as if you had not ceased to be an employee.

(iii) Notwithstanding the foregoing:

(A) If you receive written notification from the Compensation Committee that you failed to provide for an orderly transition of your duties to a successor, then any portion of the Option that is unvested as of the date of such notification shall terminate as of such date.

(B) If at any time following your Retirement, one of the following events occurs (a "Post-Retirement Violation"), then any portion of the Option that is unvested as of the date of such Post-Retirement Violation shall terminate as of such date: (I) you commence employment of any kind (other than board or public service, work for a not-for-profit or de minimis for-profit employment); (II) you commence work of any kind for a Competitor, including as an employee, board member, consultant or otherwise; or (III) you violate any post-employment covenant applicable to you under any agreement in effect with, or policy of, the Company or any of its subsidiaries, including without limitation those set forth in Section 5.

(iv) If, while this Award is outstanding, you commence employment or other work of any kind following your Retirement, you are required to promptly provide written notice to the Company of the name of your employer and the nature of your position or other work.

(v) If you receive any benefit under this Award after the date of a Post-Retirement Violation, then you will be obligated to repay to the Company the value of such benefit (with such value to be determined by the Company, which may include a reasonable rate of interest) promptly following your receipt of notice of such repayment obligation from the Company.

(vi) All determinations regarding whether you have engaged in a Post-Retirement Violation shall be made by the Compensation Committee.

(vii) Notwithstanding the foregoing, if you die after Retirement and prior to the date the Option vests in full (and provided that a Post-Retirement Violation has not occurred), then the Option shall become fully vested as of the date of your death and shall remain exercisable in accordance with subsection (c)(ii) below.

(viii) If you are regularly scheduled to work less than 20 hours per calendar week for the Company or any subsidiary of the Company, you will be deemed to have experienced a Termination Event.

(ix) Without limiting any other provision of this Agreement, if a Post-Retirement Violation described in (iii)(B)(II) or (III) above occurs following Retirement, the Company shall be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(c) *Deadline for Exercise*.

(i) If your Termination Event is by reason of death or Disability, then you are (or in the event of your death or Disability resulting in judicial appointment of a guardian ad litem, administrator or other legal representative, the executor or administrator of your estate, any person who shall have acquired the Option through bequest or inheritance or such guardian ad litem, administrator or other legal representative is) entitled to exercise the Option per the terms contained herein within one year after you experience said Termination Event.

(ii) If your Termination Event is by reason of your Retirement, then you are entitled to exercise the Option to the extent vested and per the terms contained herein until the earlier of (A) 5 years following your Termination Event or (B) the Expiration Date set forth in the Award Memorandum; provided that, if you either receive notice under subsection (b)(iii)(A) above that you failed to provide for an orderly transition of your duties to a successor or a Post-Retirement Violation occurs, then, notwithstanding the foregoing, you will be entitled to exercise the Option to the extent vested as of the date of such notice or Post-Retirement Violation, as the case may be, and per the terms contained herein only for the period described in subsection (iii) below (if any time period is remaining) unless the Compensation Committee expressly permits such exercise for a longer period. If the exercise period described in subsection (iii) below has expired as of the date of the Post-Retirement Violation, then this Option shall immediately terminate on such date. Notwithstanding the foregoing, if such Post-Retirement Violation consists solely of the action described in subsection (b)(iii)(B)(I) above, then you will be entitled to exercise the Option to the extent vested as of the date of such Post-Retirement Violation and per the terms contained herein for 90 days following the date of such Post-Retirement Violation, but not beyond the Expiration Date.

(iii) Subject to Section 7(e), if your Termination Event is for a reason other than death, Disability or Retirement, you are entitled to exercise the Option per the terms contained herein within 90 days after you experience said Termination Event.

(iv) If you die within the exercise periods described in subsections (i), (ii) or (iii) above, your executor, the administrator of your estate, or your beneficiary may exercise the Option within one year after your death.

(d) *Expiration*. Notwithstanding any provision contained in this Section 7 to the contrary, in no event may the Option be exercised to any extent by anyone after the Expiration Date set forth in the Award Memorandum.

(e) *For Cause Termination Event*. If your employment is terminated for Cause (a "For Cause Termination Event"), the Option, whether or not vested, shall terminate immediately. For the sake of clarity, in the event that you experience a For Cause Termination Event, there shall be no accelerated or continued vesting under Section 7(a) or (b).

(f) *Change of Control*. If a Change of Control of the Company occurs, the provisions of Section 17 (c) of the Plan shall apply to the Option. If the successor or purchaser in the Change of Control has assumed the Company's obligations with respect to the Option or provided a substitute award as contemplated by Section 17(c)(i) of the Plan and, within 12 months following the occurrence of the Change of Control, you are terminated without Cause or you terminate your employment for Good Reason (as hereinafter defined), the Option or such substitute award shall become fully vested and exercisable with respect to all Option Shares covered by the Option as of the time immediately prior to such termination of employment and, notwithstanding any other provision hereof, the Option shall become exercisable by you for 90 days following such termination (or such longer period as is otherwise specified in Section 7(c)), and the provisions of Section 5 shall immediately cease to apply.

"Good Reason" means your suffering any of the following events without your consent: (x) a significant or material lessening of your responsibilities; (y) a reduction in your annual base salary or a material reduction in the level of incentive compensation for which you have been eligible during the two years immediately prior to the occurrence of the Change of Control and/or a material adverse change in the conditions governing receipt of such incentive compensation from those that prevailed prior to the occurrence of the Change of Control; or (z) the Company requiring you to be based anywhere other than within 50 miles of your place of employment at the time of the occurrence of the Change of Control, except for reasonably required travel to an extent substantially consistent with your business travel obligations.

If the Change of Control of the Company occurs after your Retirement and prior to the date this Option has become vested in full (and prior to the occurrence of a Post-Retirement Violation), and if the successor or purchaser in the Change of Control does not either assume the Company's obligations with respect to the Option or provide a substitute award, then this Option shall vest in full immediately prior to the date of such Change of Control.

(g) *Service as Director*. For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(h) *No Further Obligation*. The Company will have no further obligations to you under this Agreement if the Option ceases to become exercisable as provided herein.

8. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Option Shares to you as soon as practicable after you exercise any part of the Option and pay the Exercise Price Per Option Share and all related withholding taxes. If you die before the Company has distributed any portion of the Option Shares purchased upon exercise, the Company will issue the Option Shares to your estate or in accordance with applicable laws of descent and distribution. The Option Shares will be issued in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to the Option Shares, (b) any applicable federal or state laws, and/or (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") or any stock exchange upon which the Option Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Option Shares to reference any of the foregoing restrictions.

9. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Option Shares have been purchased upon exercise of any part of this Option, this Option and the Option Shares issuable upon exercise hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Option and the rights and privileges conferred hereby shall immediately become null and void.

10. **Conditions to Issuance of Shares**. The Option Shares issued to you hereunder upon exercise and purchase may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Option Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Option Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Option Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the exercise of the Option as the Compensation Committee may establish from time to time for reasons of administrative convenience; and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

11. **No Rights as Shareholder**. Until you exercise any part of this Option, purchase Option Shares and the Option Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Option Shares. Specifically, you understand and agree that you do not have voting rights or the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Option or the Option Shares subject hereto.

12. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

13. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

14. **Securities and Tax Representations**.

    (a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement, the exercise of the Option and any disposition of the Option Shares, and that upon the acquisition of any Option Shares, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

    (b) You represent and warrant that you understand the federal, state and local income and employment tax consequences of the granting of the Option, the exercise of the Option, the purchase of Option Shares, and the subsequent sale or other disposition of any Option Shares. You understand and agree that when you exercise the Option, and thereby realize gross income

(if any) taxable as compensation in respect of such exercise, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such exercise unless the Option is an incentive stock option. Accordingly, at or prior to the time that you exercise the Option, you hereby agree to provide the Company with cash funds or Option Shares equal in value to the total federal, state and local taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income in relation to the Option Shares or make other arrangements satisfactory to the Company regarding such amounts. All matters with respect to the total amount to be withheld as a result of the exercise of the Option shall be determined by the Company in its sole discretion.

15. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Option Shares acquired under this Option without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

16. **General Provisions**.

    (a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

    (b) This Agreement, the Award Memorandum and the Plan contain the entire agreement between the Company and you relating to the Option and supersede all prior agreements or understandings relating thereto.

    (c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

    (d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

    (e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

    (f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

    (g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the administrative agent's website (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

    (h) During your lifetime, the Option may only be exercised by you or your legal representatives.

(i) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(j) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind the Option and/or the Option Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your ability to exercise your Option. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
STOCK OPTION AWARD MEMORANDUM
EMPLOYEE (EC NO RET)

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Number of Shares Subject to Option:	*[NUMBER OF SHARES]*
Exercise Price Per Option Share:	*[EXERCISE PRICE]*
Type of Option:	
Vesting Schedule:	*[VESTING SCHEDULE]*
Expiration Date:	10 years after the Grant Date

Additional terms and conditions of your Award are included in the Stock Option Agreement. As a condition to your ability to exercise your Option, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 5(c) of the Stock Option Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

STOCK OPTION AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you an Option to purchase such number of shares of Company common stock (the "Option Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date; Type of Option.** The Option is granted to you on the Grant Date set forth in the Award Memorandum. If the Option is designated as a "non-qualified stock option" in the Award Memorandum, then the Option will not be treated by you or the Company as an incentive stock option as defined in Section 422 of the Code. If the Option is designated as an "incentive stock option" in the Award Memorandum, then the Option is intended to satisfy the requirements of Section 422 of the Code.

2. **Termination of Option**. Your right to exercise the Option and to purchase the Option Shares shall expire and terminate in all events on the earliest of (a) the Expiration Date set forth in the Award Memorandum or (b) the date upon which exercise is no longer permitted pursuant to Section 7 of this Agreement or (c) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

3. **Exercise Price**. The purchase price to be paid upon the exercise of the Option will be the Exercise Price Per Option Share set forth in the Award Memorandum.

4. **Vesting; Provisions Relating to Exercise.** Once you become entitled to exercise any part of the Option (and to purchase Option Shares) pursuant to the vesting schedule set forth in the Award Memorandum, that right will continue until the date on which the Option expires and terminates. The right to purchase Option Shares under the Option is cumulative, so that if the full number of Option Shares is not purchased in a single transaction, the balance may be purchased at any time or from time to time thereafter during the term of the Option. The Administrator, in its sole discretion, may at any time accelerate the time at which the Option becomes exercisable by you with respect to any Option Shares. The Company may cancel, rescind, suspend, withhold or otherwise limit or restrict any unexpired, unpaid or deferred part of the Option at any time if you are not in compliance with all applicable provisions of this Agreement, the Award Memorandum and the Plan.

5. **Confidential Information, Non-Competition, and Related Covenants**.

   (a) Definitions.

      (i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

      (ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise becomes part of the public domain through no fault of yours; or (B) information that is

disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

(iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 5, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding

the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 5 is necessary to protect the Company, and that a breach of any of this Section 5 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 5, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 5, or to enjoin you from performing services in breach of Section 5(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 5, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 5 AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

6. **Exercise of Option.** To exercise the Option, you must complete the transaction through our administrative agent's website at www.netbenefits.fidelity.com or call its toll free number at (800) 544-9354, specifying the number of Option Shares being purchased as a result of such exercise, and make payment of the full Exercise Price for the Option Shares being purchased. In no event may a fraction of a share be exercised or acquired. You must also pay any taxes or other amounts required to be withheld as provided in Section 9 of this Agreement.

7. **Termination of Employment**.

(a) *Vesting*. If you cease to be an employee of the Company or any subsidiary of the Company for any reason other than Cause (a "Termination Event"), the Option may be exercised to the same extent that you were entitled to exercise the Option on the date of the Termination Event and had not previously done so. The remaining Option Shares that are not vested on such date shall become exercisable as follows:

Reason for Termination Event	**Unvested Option Shares that Become Exercisable**
Death or Disability	100%
Any other reason	0%

(b) *Deadline for Exercise*.

(i) If your Termination Event is by reason of death or Disability, then you are (or in the event of your death or Disability resulting in judicial appointment of a guardian ad litem, administrator or other legal representative, the executor or administrator of your estate, any person who shall have acquired the Option through bequest or inheritance or such guardian ad litem, administrator or other legal representative is) entitled to exercise the Option per the terms contained herein within one year after you experience said Termination Event.

(ii) Subject to Section 7(d), if your Termination Event is for a reason other than death or Disability, you are entitled to exercise the Option per the terms contained herein within 90 days after you experience said Termination Event.

(iii) If you die within the exercise periods described in subsections (i) or (ii) above, your executor, the administrator of your estate, or your beneficiary may exercise the Option within one year after your death.

(c) *Expiration*. Notwithstanding any provision contained in this Section 7 to the contrary, in no event may the Option be exercised to any extent by anyone after the Expiration Date set forth in the Award Memorandum.

(d) *For Cause Termination Event*. If your employment is terminated for Cause (a "For Cause Termination Event"), the Option, whether or not vested, shall terminate immediately. For the sake of clarity, in the event that you experience a For Cause Termination Event, there shall be no accelerated vesting under Section 7(a).

(e) *Change of Control*. If a Change of Control of the Company occurs, the provisions of Section 17 (c) of the Plan shall apply to the Option. If the successor or purchaser in the Change of Control has assumed the Company's obligations with respect to the Option or provided a substitute award as contemplated by Section 17(c)(i) of the Plan and, within 12 months following the occurrence of the Change of Control, you are terminated without Cause or you terminate your employment for Good Reason (as hereinafter defined), the Option or such substitute award shall become fully vested and exercisable with respect to all Option Shares covered by the Option as of the time immediately prior to such termination of employment and, notwithstanding any other provision hereof, the Option shall become exercisable by you for 90 days following such termination (or such longer period as is otherwise specified in Section 7(b)), and the provisions of Section 5 shall immediately cease to apply.

"Good Reason" means your suffering any of the following events without your consent: (x) a significant or material lessening of your responsibilities; (y) a reduction in your annual base salary or a material reduction in the level of incentive compensation for which you have been eligible during the two years immediately prior to the occurrence of the Change of Control and/or a material adverse change in the conditions governing receipt of such incentive compensation from those that prevailed prior to the occurrence of the Change of Control; or (z) the Company requiring you to be based anywhere other than within 50 miles of your place of employment at the time of the occurrence of the Change of Control, except for reasonably required travel to an extent substantially consistent with your business travel obligations.

(f) *Service as Director*. For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(g) *No Further Obligation*. The Company will have no further obligations to you under this Agreement if the Option ceases to become exercisable as provided herein.

8. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Option Shares to you as soon as practicable after you exercise any part of the Option and pay the Exercise Price Per Option Share and all related withholding taxes. If you die before the Company has distributed any portion of the Option Shares purchased upon exercise, the Company will issue the Option Shares to your estate or in accordance with applicable laws of descent and distribution. The Option Shares will be issued in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to the Option Shares, (b) any applicable federal or state laws, and/or (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") or any stock exchange upon which the Option Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Option Shares to reference any of the foregoing restrictions.

9. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Option Shares have been purchased upon exercise of any part of this Option, this Option and the Option Shares issuable upon exercise hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Option and the rights and privileges conferred hereby shall immediately become null and void.

10. **Conditions to Issuance of Shares**. The Option Shares issued to you hereunder upon exercise and purchase may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Option Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Option Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Option Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the exercise of the Option as the Compensation Committee may establish from time to time for reasons of administrative convenience; and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

11. **No Rights as Shareholder**. Until you exercise any part of this Option, purchase Option Shares and the Option Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Option Shares. Specifically, you understand and agree that you do not have voting rights or the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Option or the Option Shares subject hereto.

12. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

13. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

14. **Securities and Tax Representations**.

(a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement, the exercise of the Option and any disposition of the Option Shares, and that upon the acquisition of any Option Shares, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

(b) You represent and warrant that you understand the federal, state and local income and employment tax consequences of the granting of the Option, the exercise of the Option, the purchase of Option Shares, and the subsequent sale or other disposition of any Option Shares. You understand and agree that when you exercise the Option, and thereby realize gross income (if any) taxable as compensation in respect of such exercise, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such exercise unless the Option is an incentive stock option. Accordingly, at or prior to the time that you exercise the Option, you hereby agree to provide the Company with cash funds or Option Shares equal in value to the total federal, state and local taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income in relation to the Option Shares or make other arrangements satisfactory to the Company regarding such amounts. All matters with respect to the total amount to be withheld as a result of the exercise of the Option shall be determined by the Company in its sole discretion.

15. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Option Shares acquired under this Option without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

16. **General Provisions**.

(a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

(b) This Agreement, the Award Memorandum and the Plan contain the entire agreement between the Company and you relating to the Option and supersede all prior agreements or understandings relating thereto.

(c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

(d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

(f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

(g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the administrative agent's website (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

(h) During your lifetime, the Option may only be exercised by you or your legal representatives.

(i) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(j) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind the Option and/or the Option Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your ability to exercise your Option. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
PERFORMANCE SHARE UNIT AWARD MEMORANDUM –
EMPLOYEE

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Target Units:	*[NUMBER OF SHARES AT TARGET]*
Performance Period:	*[PERIOD]*
Performance Formula:	*[PERFORMANCE FORMULA]*
Performance Goal(s):	*[PERFORMANCE GOALS]*

Additional terms and conditions of your Award are included in the Performance Share Unit Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 4(c) of the Performance Share Unit Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

PERFORMANCE SHARE UNIT AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you Performance Share Units (the "Award") entitling you to receive such number of shares of Company common stock (the "Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date.** The Award is granted to you on the Grant Date set forth in the Award Memorandum.

2. **Vesting.** This Award will vest (if at all) as specified in the Award Memorandum on the date the Compensation Committee certifies the level of achievement of the Performance Goal(s), provided you remain in employment through the last day of the Performance Period. Subject to any deferral election then in effect, the Shares subject to this Award will be issued as indicated in this Agreement. This Award also may continue to vest following your Retirement (as defined below), death or Disability as described in Section 5(a).

3. **Termination of Award**. Your Award (except for the provisions of Section 4) shall terminate in all events on the earliest of (a) the date upon which vesting is no longer permitted pursuant to Section 5 of this Agreement, (b) the date the Shares due hereunder have been issued to you, or (c) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

4. **Confidential Information; Non-Competition; Related Covenants**.

   (a) Definitions.

      (i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

      (ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise becomes part of the public domain through no fault of yours; or (B) information that is disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

(iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 4, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or, where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv (the "Restrictive Period"), you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be

construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 4 is necessary to protect the Company, and that a breach of any of this Section 4 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 4, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 4, or to enjoin you from performing services in breach of Section 4(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 4, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 4 AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

5. **Termination of Employment**.

(a) **Vesting**. If you cease to be an employee of the Company or any subsidiary of the Company for any reason (a "Termination Event") prior to the last day of the Performance Period, then the Award shall terminate on the date on which such Termination Event occurs; provided that, if the reason for your Termination Event is:

(i) Disability, then the number of Shares issuable under this Award, if any, shall be determined after the end of the Performance Period as if you had not terminated employment, but multiplied times a fraction, the numerator of which is the number of completed whole calendar months of your employment during the Performance Period and the denominator of which is [the total number of calendar months in the Performance Period];

(ii) Death, then the number of Shares issuable under this Award, if any, shall be determined after the end of the Performance Period as if you had not terminated employment, but multiplied times a fraction, the numerator of which is the number of completed whole calendar months of your employment during the Performance Period and the denominator of which is [the total number of calendar months in the Performance Period], and such Shares shall be issued at that time to your designated beneficiary or, if none, to your estate; or

(iii) Retirement, then the number of Shares issuable under this Award, if any, shall be determined after the end of the Performance Period as if you had not terminated employment, but multiplied times a fraction, the numerator of which is the number of completed whole calendar months of your employment during the Performance Period and the denominator of which is [the total number of calendar months in the Performance Period]. If you die after Retirement, then your designated beneficiary, or if none, your estate, shall become entitled to receive the number of Shares you would have received, if any, pursuant to this paragraph.

If you breach Section 4 of this Agreement, you will forfeit this Award and no Shares will be issuable under this Award. In addition, if you engage in conduct after the end of the Restrictive Period in Section 4 but prior to the payment of Shares following the end of the Performance Period which, if engaged in during the Restrictive Period would have constituted a breach of Section 4, then you will forfeit this Award and no Shares will be issuable under this Award.

For purposes of this Section 5, "Retirement" means the cessation of service as an employee after the first anniversary of the first day of the Performance Period for any reason other than death, Disability or termination for Cause if (A) you are at least 60 years of age and your age plus years of service to the Company and its subsidiaries is equal to or greater than 70 or (B) you are at least 65 years of age.

If you are regularly scheduled to work less than 20 hours per calendar week for the Company or any subsidiary of the Company, you will be deemed to have experienced a Termination Event.

(b) **Change of Control**. If a Change of Control of the Company occurs prior to the end of the Performance Period, then as of the date of the Change of Control, you will be paid cash in an amount equal to the fair market value (as of the date of the Change of Control) of such number of Shares as is determined by multiplying the number of Target Units set forth in the Award Memorandum times [__]%. Thereafter, the Award shall terminate.

(c) **Service as Director**. For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(d) **Termination for Cause**. Notwithstanding anything herein to the contrary, if you are terminated from employment by the Company for Cause, then this Award will forfeit immediately as of the date of such termination.

(e) **No Further Obligation**. The Company will have no further obligations to you under this Award if the Award terminates as provided herein.

6. **Deferral of Performance Share Units**. If you are eligible to, and properly elect to, defer delivery of all or part of the Shares otherwise issuable under this Award, such deferral will be governed by the Performance Share Unit Deferral Election Form executed by you separately from this Agreement.

7. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Shares to you as soon as practicable after the Award vests (pursuant to the terms hereof) with respect to such Shares, or, if a deferral election was made, at the time specified in the Deferral Election Form. If you die before the Company has distributed the Shares due with respect to the vested Performance Share Units, the Company will issue the Shares to your estate or in accordance with applicable laws of descent and distribution. The Shares will be issued and delivered in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to this Award or the Shares, (b) any applicable federal or state laws, and/or (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") of any stock exchange upon which the Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Shares to reference any of the foregoing restrictions.

8. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Shares have been issued under this Award, this Award and the Shares issuable hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or of any

right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Award and the rights and privileges conferred hereby shall immediately become null and void.

9. **Conditions to Issuance of Shares**. The Shares issued to you hereunder may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the date of vesting of the Award or the payment event specified in a deferral election as the Compensation Committee may establish from time to time for reasons of administrative convenience (provided that any such period shall be in compliance with Code Section 409A); and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

10. **Dividends; No Rights as Shareholder.** If the Company declares a cash dividend and the dividend record date occurs prior to the date the Award vests, you will be credited with an additional number of Target Units on the date the cash dividends are paid to the Company shareholders equal to (a) the amount of cash dividends payable with respect to a number of shares of stock equal to your Target Units divided by (b) the Fair Market Value of a Share on the date the dividend is paid. Until this Award vests and the Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Shares. Specifically, you understand and agree that you do not have voting rights or, except as provided in this Section 10, the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Award or the Shares subject hereto.

11. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

12. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

13. **Securities and Tax Representations.**

    (a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement and any disposition of Shares and that upon the acquisition of any Shares subject to this Award, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

    (b) You represent and warrant that you understand the federal, state and local income and employment tax consequences associated with the granting of the Award, the vesting of the Award, the deferral of all or a portion of the Shares otherwise issuable upon vesting of the Award,

and the subsequent sale or other disposition of any Shares. You understand and agree that when this Award vests and Shares are issued, and you thereby realize gross income (if any) taxable as compensation in respect of such vesting or issuance, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such vesting. You also understand and agree that the Company may be required to withhold certain payroll taxes in connection with your Retirement or your termination due to Disability prior to the issuance of Shares. You hereby agree to provide the Company with cash funds or Shares equal in value to the federal, state and local payroll and income taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income or wages in relation to the Award or make other arrangements satisfactory to the Company regarding such amounts, which may include deduction of such taxes from other wages owed to you by the Company or its subsidiaries. All matters with respect to the total amount to be withheld shall be determined by the Company in its sole discretion.

14. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Award without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

15. **General Provisions**.

    (a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

    (b) This Agreement, the Award Memorandum, the Plan and the Restricted Stock Unit Deferral Election Form, if any, contain the entire agreement between the Company and you relating to the Award and the Shares and supersede all prior agreements or understandings relating thereto.

    (c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

    (d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

    (e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

    (f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

    (g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the Company's administrative agent's website in the "forms library" (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

(h) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(i) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind this Award and/or the Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your receipt of Shares. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
PERFORMANCE SHARE UNIT AWARD MEMORANDUM –
EMPLOYEE (EC RET)

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Target Units:	*[NUMBER OF SHARES AT TARGET]*
Performance Period:	*[PERIOD]*
Performance Formula:	*[PERFORMANCE FORMULA]*
Performance Goal(s):	*[PERFORMANCE GOALS]*

Additional terms and conditions of your Award are included in the Performance Share Unit Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 4(c) of the Performance Share Unit Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

PERFORMANCE SHARE UNIT AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you Performance Share Units (the "Award") entitling you to receive such number of shares of Company common stock (the "Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date.** The Award is granted to you on the Grant Date set forth in the Award Memorandum.

2. **Vesting.** This Award will vest (if at all) as specified in the Award Memorandum on the date the Compensation Committee certifies the level of achievement of the Performance Goal(s), provided you remain in employment through the last day of the Performance Period. Subject to any deferral election then in effect, the Shares subject to this Award will be issued as indicated in this Agreement. This Award also may continue to vest following your Retirement (as defined below), death or Disability as described in Section 5(a).

3. **Termination of Award**. Your Award (except for the provisions of Section 4) shall terminate in all events on the earliest of (a) the date upon which vesting is no longer permitted pursuant to Section 5 of this Agreement, (b) the date the Shares due hereunder have been issued to you, or (c) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

4. **Confidential Information; Non-Competition; Related Covenants**.

   (a) Definitions.

      (i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

      (ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise becomes part of the public domain through no fault of yours; or (B) information that is disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

(iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 4, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or, where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv (or, in the case of Retirement, from the date of your termination until 12 months after the latest of (x) the date of the last restricted stock unit vesting event following Retirement or (y) the latest date upon which you are entitled to exercise any stock option following Retirement or (z) the end date of the last Performance Period ending after Retirement under performance share unit awards), you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 4 is necessary to protect the Company, and that a breach of any of this Section 4 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 4, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 4, or to enjoin you from performing services in breach of Section 4(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 4, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 4 AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

5. **Termination of Employment**.

(a) **Vesting**. If you cease to be an employee of the Company or any subsidiary of the Company for any reason (a "Termination Event") prior to the last day of the Performance Period, then the Award shall terminate on the date on which such Termination Event occurs; provided that, if the reason for your Termination Event is:

(i) Disability, then the number of Shares issuable under this Award, if any, shall be determined after the end of the Performance Period as if you had not terminated employment, but multiplied times a fraction, the numerator of which is the number of completed whole calendar months of your employment during the Performance Period and the denominator of which is [the total number of calendar months in the Performance Period];

(ii) Death, then the number of Shares issuable under this Award, if any, shall be determined after the end of the Performance Period as if you had not terminated employment, but multiplied times a fraction, the numerator of which is the number of completed whole calendar months of your employment during the Performance Period and the denominator of which is [the total number of calendar months in the Performance Period], and such Shares shall be issued at that time to your designated beneficiary or, if none, to your estate; or

(iii) Retirement, then the number of Shares issuable under this Award, if any, shall be determined after the end of the Performance Period as if you had not terminated employment. Notwithstanding the foregoing:

(A) If you receive written notification from the Compensation Committee that you failed to provide for an orderly transition of your duties to a successor, then any portion of the Award that is unvested as of the date of such notification shall terminate as of such date.

(B) If, at any time following your Retirement, one of the following events occurs (a "Post-Retirement Violation"), then any portion of the Award that is unvested as of the date of such Post-Retirement Violation shall terminate as of the date such event occurs: (I) you commence employment of any kind (other than board or public service, work for a not-for-profit or de minimis for-profit employment); (II) you commence work of any kind for a Competitor, including as an employee, board member, consultant or otherwise; or (III) you violate any post-employment covenant applicable to you under any agreement in effect with, or policy of, the Company or any of its subsidiaries, including without limitation those set forth in Section 4.

(C) If, while this Award is outstanding, you commence employment or other work of any kind following your Retirement, you are required to promptly provide written notice to the Company of the name of your employer and the nature of your proposed position or other work.

(D) If you receive any benefit under this Award after the date of a Post-Retirement Violation, then you will be obligated to repay to the Company the value of such benefit (with such value to be determined by the Company, which may include a reasonable rate of interest) promptly following your receipt of notice of such repayment obligation from the Company.

(E) All determinations regarding whether you have engaged in a Post-Retirement Violation shall be made by the Compensation Committee.

(F) Without limiting any other provision of this Agreement, if a Post-Retirement Violation described in (iii)(B)(II) or (III) above occurs following Retirement, the Company shall be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

If you die after Retirement and prior to the date that this Award vests (and provided that a Post-Retirement Violation has not occurred), then your designated beneficiary, or if none, your estate, shall become entitled to receive the number of Shares you would have received, if any, pursuant to this paragraph (iii).

If you are regularly scheduled to work less than 20 hours per calendar week for the Company or any subsidiary of the Company, you will be deemed to have experienced a Termination Event.

(b) **Retirement.** For purposes of this Section 5, "Retirement" means the cessation of service as an employee after the first anniversary of the first day of the Performance Period, for any reason other than death, Disability or termination for Cause, if:

(i) (A) you are at least 50 years of age and your age plus years of service to the Company and its subsidiaries is equal to or greater than 70 (with at least 5 years of continuous service to the Company and its subsidiaries immediately prior to such cessation of service) or (B) you are at least 55 years of age with at least 5 years of continuous service to the Company and its subsidiaries immediately prior to such cessation of service; and

(ii) you have provided for an orderly transition of your duties to a successor, including by: (A) providing notice to the Company's Chief Executive Officer (or, if you are the Chief Executive Officer, to the Chairman of the Board of Directors) of your consideration of Retirement sufficiently in advance of your proposed date of Retirement; and (B) assisting with the identification and selection of, and transition of your duties to, a successor ((A) and (B) being referred to herein collectively as the "Specified Transition Requirements").

If you meet the criteria in paragraph (i) above and you satisfy the Specified Transition Requirements, your cessation of service will be deemed to be a qualifying Retirement; provided that, the Compensation Committee may determine, within 30 days after your cessation of service, that you failed to provide for an orderly transition of your duties to a successor. By way of example only, this could result from providing too short of notice or not providing an adequate amount of transition assistance.

(c) **Change of Control**. If a Change of Control of the Company occurs prior to the end of the Performance Period, then as of the date of the Change of Control, you will be paid cash in an amount equal to the fair market value (as of the date of the Change of Control) of such number of Shares as is determined by multiplying the number of Target Units set forth in the Award Memorandum times [__]%. Thereafter, the Award shall terminate.

(d) **Service as Director**. For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(e) **Termination for Cause**. Notwithstanding anything herein to the contrary, if you are terminated from employment by the Company for Cause, then this Award will forfeit immediately as of the date of such termination.

(f) **No Further Obligation**. The Company will have no further obligations to you under this Award if the Award terminates as provided herein.

6. **Deferral of Performance Share Units**. If you are eligible to, and properly elect to, defer delivery of all or part of the Shares otherwise issuable under this Award, such deferral will be governed by the Performance Share Unit Deferral Election Form executed by you separately from this Agreement.

7. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Shares to you as soon as practicable after the Award vests (pursuant to the terms hereof) with respect to such Shares, or, if a deferral election was made, at the time specified in the Deferral Election Form. If you die before the Company has distributed the Shares due with respect to the vested Performance Share Units, the Company will issue the Shares to your estate or in accordance with applicable laws of descent and distribution. The Shares will be issued and delivered in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to this Award or the Shares, (b) any applicable federal or state laws, and/or (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") of any stock exchange upon which the Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Shares to reference any of the foregoing restrictions.

8. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Shares have been issued under this Award, this Award and the Shares issuable hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon

any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Award and the rights and privileges conferred hereby shall immediately become null and void.

9. **Conditions to Issuance of Shares**. The Shares issued to you hereunder may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the date of vesting of the Award or the payment event specified in a deferral election as the Compensation Committee may establish from time to time for reasons of administrative convenience (provided that any such period shall be in compliance with Code Section 409A); and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

10. **Dividends; No Rights as Shareholder.** If the Company declares a cash dividend and the dividend record date occurs prior to the date the Award vests, you will be credited with an additional number of Target Units on the date the cash dividends are paid to the Company shareholders equal to (a) the amount of cash dividends payable with respect to a number of shares of stock equal to your Target Units divided by (b) the Fair Market Value of a Share on the date the dividend is paid. Until this Award vests and the Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Shares. Specifically, you understand and agree that you do not have voting rights or, except as provided in this Section 10, the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Award or the Shares subject hereto.

11. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

12. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

13. **Securities and Tax Representations.**

    (a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement and any disposition of Shares and that upon the acquisition of any Shares subject to this Award, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

    (b) You represent and warrant that you understand the federal, state and local income and employment tax consequences associated with the granting of the Award, the vesting of the Award, the deferral of all or a portion of the Shares otherwise issuable upon vesting of the Award, and the subsequent sale or other disposition of any Shares. You understand and agree that when

this Award vests and Shares are issued, and you thereby realize gross income (if any) taxable as compensation in respect of such vesting or issuance, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such vesting. You also understand and agree that the Company may be required to withhold certain payroll taxes in connection with your Retirement or your termination due to Disability prior to the issuance of Shares. You hereby agree to provide the Company with cash funds or Shares equal in value to the federal, state and local payroll and income taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income or wages in relation to the Award or make other arrangements satisfactory to the Company regarding such amounts, which may include deduction of such taxes from other wages owed to you by the Company or its subsidiaries. All matters with respect to the total amount to be withheld shall be determined by the Company in its sole discretion.

14. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Award without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

15. **General Provisions**.

    (a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

    (b) This Agreement, the Award Memorandum, the Plan and the Restricted Stock Unit Deferral Election Form, if any, contain the entire agreement between the Company and you relating to the Award and the Shares and supersede all prior agreements or understandings relating thereto.

    (c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

    (d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

    (e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

    (f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

    (g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the Company's administrative agent's website in the "forms library" (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

(h) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(i) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind this Award and/or the Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your receipt of Shares. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

FISERV, INC. 2007 OMNIBUS INCENTIVE PLAN
PERFORMANCE SHARE UNIT AWARD MEMORANDUM –
EMPLOYEE (EC NO RET)

Employee:	*[FIRST NAME] [LAST NAME]*
Grant Date:	*[GRANT DATE]*
Target Units:	*[NUMBER OF SHARES AT TARGET]*
Performance Period:	*[PERIOD]*
Performance Formula:	*[PERFORMANCE FORMULA]*
Performance Goal(s):	*[PERFORMANCE GOALS]*

Additional terms and conditions of your Award are included in the Performance Share Unit Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award will be forfeited and immediately terminate.

Note: Section 4(c) of the Performance Share Unit Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

PERFORMANCE SHARE UNIT AGREEMENT

Pursuant to the Fiserv, Inc. 2007 Omnibus Incentive Plan (the "Plan"), Fiserv, Inc., a Wisconsin corporation (the "Company"), has granted you Performance Share Units (the "Award") entitling you to receive such number of shares of Company common stock (the "Shares") as set forth in the Award Memorandum on the terms and conditions set forth in this agreement (this "Agreement"), the Award Memorandum and the terms of the Plan. Capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan.

In the event of a conflict between the terms of this Agreement or the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

1. **Grant Date.** The Award is granted to you on the Grant Date set forth in the Award Memorandum.

2. **Vesting.** This Award will vest (if at all) as specified in the Award Memorandum on the date the Compensation Committee certifies the level of achievement of the Performance Goal(s), provided you remain in employment through the last day of the Performance Period. Subject to any deferral election then in effect, the Shares subject to this Award will be issued as indicated in this Agreement. This Award also may continue to vest following your death or Disability as described in Section 5(a).

3. **Termination of Award**. Your Award (except for the provisions of Section 4) shall terminate in all events on the earliest of (a) the date upon which vesting is no longer permitted pursuant to Section 5 of this Agreement, (b) the date the Shares due hereunder have been issued to you, or (c) your failure to accept the terms of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

4. **Confidential Information; Non-Competition; Related Covenants**.

   (a) Definitions.

      (i) "Fiserv" means the Company, its direct and indirect subsidiaries, affiliated entities, successors, and assigns.

      (ii) "Confidential Information" means all trade secrets, Innovations (as defined below), confidential or proprietary business information and data, computer software, and database technologies or technological information, formulae, templates, algorithms, designs, process and systems information, processes, intellectual property rights, marketing plans, client lists and specifications, pricing and cost information and any other confidential information of Fiserv or its clients, vendors or subcontractors that relates to the business of Fiserv or to the business of any client, vendor or subcontractor of Fiserv or any other party with whom Fiserv agrees to hold information in confidence, whether patentable, copyrightable or protectable as a trade secret or not, except: (A) information that is, at the time of disclosure, in the public domain or that is subsequently published or otherwise becomes part of the public domain through no fault of yours; or (B) information that is disclosed by you under order of law or governmental regulation; provided, however, that you agree to notify the General Counsel of Fiserv upon receipt of any request for disclosure as soon as possible prior to any such disclosure so that appropriate safeguards may be maintained.

(iii) "Competing Product or Service" means any product or service that is sold in competition with, or is being developed and that will compete with, a product or service developed, manufactured, or sold by Fiserv. For purposes of this Section 4, Competing Products or Services as to you are limited to products and/or services with respect to which you participated in the development, planning, testing, sale, marketing or evaluation on behalf of Fiserv during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, or for which you supervised one or more Fiserv employees, units, divisions or departments in doing so.

(iv) "Competitor" means an individual, business or any other entity or enterprise engaged or having publicly announced its intent to engage in the sale or marketing of any Competing Product or Service.

(v) "Innovations" means all developments, improvements, designs, original works of authorship, formulas, processes, software programs, databases, and trade secrets, whether or not patentable, copyrightable or protectable as trade secrets, that you, either by yourself or jointly with others, create, modify, develop, or implement during the period of your employment with Fiserv that relate in any way to Fiserv's business.

(vi) "Moral Rights" means any rights to claim authorship of a work of authorship, to object to or prevent the modification of any such work of authorship, or to withdraw from circulation or control the publication or distribution of any such work of authorship.

(vii) "Client" means any person, association or entity: (A) for which you directly performed services or for which you supervised others in performing services with Fiserv, during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(viii) "Prospective Client" means any client: (A) with which Fiserv was in active business discussions or negotiations at any time during any part of your employment with Fiserv, or after the termination of your employment, during any part of the 24 months preceding the termination of your employment with Fiserv, in which you participated or for which you directly performed services or for which you supervised others in performing services with Fiserv; or (B) about which you have Confidential Information as a result of your employment with Fiserv.

(b) During your employment, Fiserv will provide you with Confidential Information relating to Fiserv, its business and clients, the disclosure or misuse of which would cause severe and irreparable harm to Fiserv. You agree that all Confidential Information is and shall remain the sole and absolute property of Fiserv. Upon the termination of your employment for any reason, you shall immediately return to Fiserv all documents and materials that contain or constitute Confidential Information, in any form whatsoever, including but not limited to, all copies, abstracts, electronic versions, and summaries thereof. You further agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company:

(i) You will not disclose, use, copy or duplicate, or otherwise permit the use, disclosure, copying or duplication of any Confidential Information of Fiserv, other than in connection with the authorized activities conducted in the course of your employment with Fiserv. You agree to take all reasonable steps and precautions to prevent any unauthorized disclosure, use, copying or duplication of Confidential Information.

(ii) All Innovations are and shall remain the sole and absolute property of Fiserv. You will provide all assistance requested by Fiserv, at its expense, in the preservation of its interest in any Innovations in any country, and hereby assign and agree to assign to Fiserv all rights, title and interest in and to all worldwide patents, patent applications, copyrights, trade secrets and other intellectual property rights in any Innovation. You also assign and agree to assign to Fiserv, or, where applicable, to waive, which waiver shall inure to the benefit of Fiserv and its assigns, all Moral Rights in any Innovation.

(iii) Notwithstanding the preceding statements, you understand that, pursuant to 18 U.S.C. §1833(b)(1) and §1833(b)(2):

(A) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (I) is made (x) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (II) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(B) An individual who files a lawsuit for retaliation by the Company for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (I) files any document containing the trade secret under seal and (II) does not disclose the trade secret, except pursuant to court order.

You understand that if you are found to have wrongfully misappropriated a trade secret, you may be liable to the Company for, among other things, exemplary damages and attorneys' fees.

(c) You agree that, without the written consent of the Chief Executive Officer of the Company or, in the case of the Chief Executive Officer of the Company, without the written approval of the Board of Directors of the Company, you shall not engage in any of the conduct described in subsections (i) or (ii), below, either directly or indirectly, or as an employee, contractor, consultant, partner, officer, director or stockholder, other than a stockholder of less than 5% of the equities of a publicly traded corporation, or in any other capacity for any person, firm, partnership or corporation:

(i) During the time of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv (except to the extent required by your employment with Fiserv); or (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv.

(ii) For a period of 12 months following the termination of your employment with Fiserv, you will not: (A) perform duties as or for a Competitor, Client or Prospective Client of Fiserv that are the same as or similar to the duties performed by you for Fiserv at any time during any part of the 24 month period preceding the termination of your employment with Fiserv; (B) participate in the inducement of or otherwise encourage Fiserv employees, clients, or vendors to currently and/or prospectively breach, modify, or terminate any agreement or relationship they have or had with Fiserv during any part of the 24 month period preceding the termination of your employment with Fiserv; or (C) participate voluntarily or provide assistance or information to any person or entity either negotiating with Fiserv involving a Competing Product or Service, or concerning a potential or existing business or legal dispute with Fiserv, including, but not limited to, litigation, except as may be required by law.

No provision of these subsections (i) and (ii) shall apply to restrict your conduct, or trigger any reimbursement obligations under this Agreement, in any jurisdiction where such provision is, on its face, unenforceable and/or void as against public policy, unless the provision may be

construed or deemed amended to be enforceable and compliant with public policy, in which case the provision will apply as construed or deemed amended.

(d) You acknowledge and agree that compliance with this Section 4 is necessary to protect the Company, and that a breach of any of this Section 4 will result in irreparable and continuing damage to the Company for which there will be no adequate remedy at law. In the event of a breach of this Section 4, or any part thereof, the Company, and its successors and assigns, shall be entitled to injunctive relief and to such other and further relief as is proper under the circumstances. The Company shall institute and prosecute proceedings in any Court of competent jurisdiction either in law or in equity to obtain damages for any such breach of this Section 4, or to enjoin you from performing services in breach of Section 4(c) during the term of employment and for a period of 12 months following the termination of employment. You hereby agree to submit to the jurisdiction of any Court of competent jurisdiction in any disputes that arise under this Agreement.

(e) You further agree that, in the event of your breach of this Section 4, the Company shall also be entitled to recover the value of any amounts previously paid or payable or any shares (or the value of any shares) delivered or deliverable to you pursuant to any Fiserv bonus program, this Agreement, and any other Fiserv plan or arrangement.

(f) You agree that the terms of this Agreement shall survive the termination of your employment with the Company.

(g) YOU HAVE READ THIS SECTION 4 AND AGREE THAT THE CONSIDERATION PROVIDED BY THE COMPANY IS FAIR AND REASONABLE AND FURTHER AGREE THAT GIVEN THE IMPORTANCE TO THE COMPANY OF ITS CONFIDENTIAL AND PROPRIETARY INFORMATION, THE POST-EMPLOYMENT RESTRICTIONS ON YOUR ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE.

5. **Termination of Employment**.

(a) **Vesting**. If you cease to be an employee of the Company or any subsidiary of the Company for any reason (a "Termination Event") prior to the last day of the Performance Period, then the Award shall terminate on the date on which such Termination Event occurs; provided that, if the reason for your Termination Event is:

(i) Disability, then the number of Shares issuable under this Award, if any, shall be determined after the end of the Performance Period as if you had not terminated employment, but multiplied times a fraction, the numerator of which is the number of completed whole calendar months of your employment during the Performance Period and the denominator of which is [the total number of calendar months in the Performance Period]; or

(ii) Death, then the number of Shares issuable under this Award, if any, shall be determined after the end of the Performance Period as if you had not terminated employment, but multiplied times a fraction, the numerator of which is the number of completed whole calendar months of your employment during the Performance Period and the denominator of which is [the total number of calendar months in the Performance Period], and such Shares shall be issued at that time to your designated beneficiary or, if none, to your estate.

If you are regularly scheduled to work less than 20 hours per calendar week for the Company or any subsidiary of the Company, you will be deemed to have experienced a Termination Event.

(b) **Change of Control**. If a Change of Control of the Company occurs prior to the end of the Performance Period, then as of the date of the Change of Control, you will be paid cash in an amount equal to the fair market value (as of the date of the Change of Control) of such number of Shares as is determined by multiplying the number of Target Units set forth in the Award Memorandum times [__]%. Thereafter, the Award shall terminate.

(c) **Service as Director**. For purposes of this Agreement, an employee of the Company, if also serving as a director, will not be deemed to have terminated employment for purposes of this Agreement until his or her service as a director ends, and his or her years of service will be deemed to include years of service as a director.

(d) **Termination for Cause**. Notwithstanding anything herein to the contrary, if you are terminated from employment by the Company for Cause, then this Award will forfeit immediately as of the date of such termination.

(e) **No Further Obligation**. The Company will have no further obligations to you under this Award if the Award terminates as provided herein.

6. **Deferral of Performance Share Units**. If you are eligible to, and properly elect to, defer delivery of all or part of the Shares otherwise issuable under this Award, such deferral will be governed by the Performance Share Unit Deferral Election Form executed by you separately from this Agreement.

7. **Issuance of Shares**. The Company, or its transfer agent, will issue and deliver the Shares to you as soon as practicable after the Award vests (pursuant to the terms hereof) with respect to such Shares, or, if a deferral election was made, at the time specified in the Deferral Election Form. If you die before the Company has distributed the Shares due with respect to the vested Performance Share Units, the Company will issue the Shares to your estate or in accordance with applicable laws of descent and distribution. The Shares will be issued and delivered in book entry form, and the Company will not be liable for damages relating to any delays in making an appropriate book entry or any mistakes or errors in the making of the book entry; provided that the Company shall correct any errors caused by it. Any such book entry will be subject to such stop transfer orders and other restrictions as the Company may deem advisable under (a) the Plan and any agreement between you and the Company with respect to this Award or the Shares, (b) any applicable federal or state laws, and/or (c) the rules, regulations and other requirements of the Securities and Exchange Commission ("SEC") of any stock exchange upon which the Shares are listed. The Company may cause an appropriate book entry notation to be made with respect to the Shares to reference any of the foregoing restrictions.

8. **Non-Transferability of Award**. Except as provided in the Plan, this Agreement and the Award Memorandum, until the Shares have been issued under this Award, this Award and the Shares issuable hereunder and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this Award and the rights and privileges conferred hereby shall immediately become null and void.

9. **Conditions to Issuance of Shares**. The Shares issued to you hereunder may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any Shares hereunder prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the SEC or any other governmental regulatory body, which the compensation committee of the Board of Directors (the "Compensation Committee") shall, in its discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency, which the Compensation Committee shall, in its discretion, determine to be necessary or advisable; (d) the lapse of such reasonable period of time following the date of vesting of the Award or the payment event specified in a deferral election as the Compensation Committee may establish from time to time for reasons of administrative convenience (provided that any such period shall be in compliance with Code Section

409A); and (e) your acceptance of the terms and conditions of this Agreement, the Award Memorandum and the Plan within the time period and in the manner specified in this Agreement.

10. **Dividends; No Rights as Shareholder.** If the Company declares a cash dividend and the dividend record date occurs prior to the date the Award vests, you will be credited with an additional number of Target Units on the date the cash dividends are paid to the Company shareholders equal to (a) the amount of cash dividends payable with respect to a number of shares of stock equal to your Target Units divided by (b) the Fair Market Value of a Share on the date the dividend is paid. Until this Award vests and the Shares are issued to you, you shall have no rights as a shareholder of the Company with respect to the Shares. Specifically, you understand and agree that you do not have voting rights or, except as provided in this Section 10, the right to receive dividends or any other distributions paid with respect to shares of Company common stock by virtue of this Award or the Shares subject hereto.

11. **Addresses for Notices**. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company as follows: Corporate Secretary, Fiserv, Inc., 255 Fiserv Drive, Brookfield, WI 53045, or at such other address as the Company may hereafter designate in writing. Any notice to be given to you shall be addressed to you at the address set forth in the Company's records from time to time.

12. **Captions; Agreement Severable**. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

13. **Securities and Tax Representations.**

    (a) You acknowledge receipt of the prospectus under the Registration Statement on Form S-8 with respect to the Plan filed by the Company with the SEC. You represent and agree that you will comply with all applicable laws and Company policies relating to the Plan, this Agreement and any disposition of Shares and that upon the acquisition of any Shares subject to this Award, you will make or enter into such written representations, warranties and agreements as the Company may reasonably request to comply with applicable securities laws or this Agreement.

    (b) You represent and warrant that you understand the federal, state and local income and employment tax consequences associated with the granting of the Award, the vesting of the Award, the deferral of all or a portion of the Shares otherwise issuable upon vesting of the Award, and the subsequent sale or other disposition of any Shares. You understand and agree that when this Award vests and Shares are issued, and you thereby realize gross income (if any) taxable as compensation in respect of such vesting or issuance, the Company will be required to withhold federal, state and local taxes on the full amount of the compensation income realized by you and may also be required to withhold other amounts as a result of such vesting. You hereby agree to provide the Company with cash funds or Shares equal in value to the federal, state and local payroll and income taxes and other amounts required to be withheld by the Company or its subsidiary in respect of any compensation income or wages in relation to the Award or make other arrangements satisfactory to the Company regarding such amounts, which may include deduction of such taxes from other wages owed to you by the Company or its subsidiaries. All matters with respect to the total amount to be withheld shall be determined by the Company in its sole discretion.

14. **Market Stand-Off**. The Company reserves the right to impose restrictions on dispositions in connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended. Upon receipt of written notice from the Company of a trading restriction, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or

other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Award without the prior written consent of the Company. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

15. **General Provisions**.

(a) None of the Plan, this Agreement or the Award Memorandum confers upon you any right to continue to be employed by the Company or any subsidiary of the Company or limits in any respect any right of the Company or any subsidiary of the Company to terminate your employment at any time, without liability.

(b) This Agreement, the Award Memorandum, the Plan and the Restricted Stock Unit Deferral Election Form, if any, contain the entire agreement between the Company and you relating to the Award and the Shares and supersede all prior agreements or understandings relating thereto.

(c) This Agreement and the Award Memorandum may only be modified, amended or cancelled as provided in the Plan.

(d) If any one or more provisions of this Agreement or the Award Memorandum is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(e) Any remedies available to the Company under the Plan or this Agreement are cumulative and are in addition to, and are not affected by, the other rights and remedies available to the Company under the Plan, this Agreement, by law or otherwise.

(f) This Agreement and the Award Memorandum shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to conflict of law provisions.

(g) The Company agrees, and you agree, to be subject to and bound by all of the terms and conditions of the Plan. The Prospectus for the Plan is accessible on the Company's administrative agent's website in the "forms library" (www.netbenefits.fidelity.com) in the "forms library" and a paper copy is available upon request.

(h) This Agreement and the Award Memorandum shall be binding upon and inure to the benefit of any successor or assign of the Company and to any heir, distributee, executor, administrator or legal representative entitled by law to your rights hereunder.

(i) You understand that, under the terms of the Plan, this Agreement and the Award Memorandum, the Company may cancel or rescind this Award and/or the Shares in certain circumstances.

By selecting the "I accept" box on the website of our administrative agent, you acknowledge your acceptance of, and agreement to be bound by, this Agreement, the Award Memorandum and the Plan.

Your acceptance of the terms of this Agreement, the Award Memorandum and the Plan through our administrative agent's website is a condition to your receipt of Shares. You must log on to our administrative agent's website and accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within 120 calendar days of your Award Grant Date. If you do not accept the terms and conditions of this Agreement, the Award Memorandum and the Plan within such time, this Award will be forfeited and immediately terminate.

Exhibit 10.33

July 25, 2016

Mr. Devin McGranahan

Dear Devin:

We are pleased to offer you the role of Group President. As such you will be one of the most visible leaders in the Company, helping us create value for our key constituents as we aspire to be the most admired company in the financial technology industry.

We have assembled an attractive compensation package which we believe will provide meaningful value for you and your family, while helping us to create value for our clients, associates and shareholders. You will be based in Brookfield, WI and report to me.

Title
Group President

Annual Base Salary
$510,000 per year paid semi-monthly in accordance with our regular payroll process.

Annual Cash Incentive Plan (ACIP)

- You will participate in our annual cash incentive plan with an annual bonus target of $587,000 (115% of your base compensation) and a maximum payout of $1,174,000 (230% of base salary) in each year.
- Your bonus payout will vary based upon the achievement of designated criteria annually which may include, but not be limited to, overall company performance, specific business performance, individual performance and personal leadership performance.
- Bonus awards as earned will be paid no later than March 15 of the year following the calendar period.
- You must be employed by the Company on the payment date to receive an ACIP payout for the prior year.

Annual Equity Incentive Plan (AEIP)

- You will be eligible to participate in our long-term equity plan (AEIP) which is a wealth building program for senior executives designed to reward and compensate you for long-term performance, and align your rewards with those of our shareholders.
- Your base annual equity target will be $1,000,000 which will be delivered in the form of Restricted Stock Units, Stock Options and/or Performance Shares. Vesting will occur over a three-to-four year period depending upon the underlying equity instrument(s) delivered. Your equity award will also vary each year based on your performance, that of the Company, and other criteria as determined by the Board of Directors from time to time. Equity awards are subject to increases and decreases in value based on the share price at the time the award is made and/or vests.
- You will be eligible for your first annual award in February 2017 which may be pro-rated depending upon your actual start date.
- The award amount actually earned each year will vary based on the assessment of your performance as recommended by the CEO and approved by the Fiserv Board of Directors.

Sign-On Equity Award

In recognition of the value we believe you will bring to your new role, we will provide you with an upfront equity award granted on your start date with an initial valuation of approximately $3,200,000:

- $1.0 million of the sign-on equity will be Restricted Stock Units (RSU) which will vest equally on the third and fourth anniversary of your start date.
- $2.2 million of the sign-on equity will be Non-Qualified Stock Options which will vest equally on the third and fourth anniversary of your start date.

Sign-On Cash Award

In further recognition of the value we believe you will bring to the Company, we will provide you a cash award of $500,000. This amount will be paid in two equal installments; the first half to be paid 90 days after your employment start date, and the remainder to be paid twelve months following your start date. In the event that you leave Fiserv within 24 months of your commencement date you will be required to repay the amounts paid to you under this provision.

Additional Equity Award

In recognition of the economics you are leaving behind, in the event you are employed by the Company full-time, and in good-standing, in February, 2020, the Board of Directors shall grant you an additional equity award of $3 million to you in the form of stock options, PSUs and/or RSUs at an allocation not less than 50% “performance-based”, but may be higher at your sole discretion. This award vests 50% in 2023 and the remainder in 2024.

Executive Share Ownership

As an executive officer, you will be subject to Fiserv’s Executive Share Ownership Program, which requires you to hold equity, as defined by the plan, in an amount equal to

4 times your base salary. You will have five years to meet the share ownership requirements with increments required to be accumulated beginning in year two. Restricted shares and a designated percentage of vested, “in the money” option value may count toward your share ownership requirement.

Additional Long-Term Wealth Building

401K Savings Plan

You will be eligible to participate in the company’s 401(k) Savings Plan with a match of up to 3% (subject to the IRS limits).

- Associates may contribute from one to fifty percent of their compensation to the plan on a pre-tax basis depending upon personal circumstances.
- The company match is immediate and contributed on a per-pay period basis.
- You are 100% vested in the money you defer into the 401(k) plan. The matching contributions from Fiserv will vest after you have accrued two years of service.

Employee Stock Purchase Plan (ESPP)

You are eligible to purchase Fiserv stock and may participate in the ESPP at the beginning of the first quarter following your start date.

- You can purchase Fiserv stock at a 15% discount to the closing price on the last trading day in the quarter through after-tax payroll deductions.
- You can contribute from one to ten percent of your base salary up to the allowable IRS maximum.
- Stock is purchased quarterly and deposited into a personal account administered by Fidelity Investments.

Non-qualified Deferred Compensation Plan

You may, at your discretion, participate in a deferral of up to 100% of your base and bonus each year. These amounts would be paid to you at a time frame which you elect prior to the deferral of compensation.

Benefits

You will be provided a comprehensive executive benefits package designed to help provide security for you and your family. Fiserv places a strong emphasis on health and wellness education, and preventive services aimed at helping maintain your health and in becoming an informed consumer. Most of our benefits are effective on your first day of employment. The enclosed 2016 Associate Benefits Summary will provide additional information and specific eligibility requirements.

Post-Termination Benefits

You will participate in the executive severance plan which provides for the equivalent of twelve months of cash compensation in the event of a not-for-cause termination. In the event that you are terminated for a reason other than cause, and the initial, sign-on equity

award granted with the commencement of your employment is not fully vested, that award shall vest fully under this agreement.

Relocation
You will be required to relocate to the Fiserv corporate headquarters within 24 months of your start date. At the time of your relocation, the company will provide you with a full relocation package consistent with that provided to other similarly situated executives in the company. This plan is intended to cover all reasonable expenses subject to normal approvals. In the interim period, the Company will reimburse you for all reasonable travel expenses incurred traveling to a Fiserv location from your home city. In the event that you choose or otherwise fail to relocate within the requisite time period, the company may, in its sole discretion, treat that decision as a “for-cause” termination of your employment.

Paid Time-Off (PTO)
As a Group President participating in the Executive Share Ownership Program, you may take personal time off, which includes holidays, vacation and sick time, subject to Company approval. You are not subject to a defined limit on PTO and accordingly, there is no carry-forward of time in any period.

Start Date
We anticipate a start date on or about September 19, 2016 or other mutually acceptable date. This offer is contingent upon your successful completion of our pre-hire processes including a background check and other screens.

Devin, we are excited to have you join the Fiserv senior leadership team and anticipate you will have a significant positive impact on our future. Importantly, I believe Fiserv is a place where you will have the opportunity to achieve your career and personal goals. We look forward to having you as part of the team that drives the transformation of the financial services industry.

If these terms are acceptable to you, please sign below and return to me at your earliest convenience. This offer will not be considered final until successful completion of all pre-hiring requirements, as approved by me. I am happy to discuss any questions or comments you may have at your earliest convenience.

Very truly yours,

/s/ Jeffery W. Yabuki

Jeffery W. Yabuki
Chief Executive Officer

Acknowledged and accepted:

/s/ Devin B. McGranahan	8-2-16
Devin McGranahan	Date

Pre-hiring conditions satisfied:

/s/ Jeffery W. Yabuki	10/31/2016
Jeffery W. Yabuki	Date

Exhibit 10.34

KEY EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENT

THIS AGREEMENT, made and entered into as of the 31st day of October, 2016, by and between Fiserv, Inc., a Wisconsin corporation (hereinafter referred to as the "Company"), and Devin McGranahan (hereinafter referred to as the "Executive").

W I T N E S S E T H

WHEREAS, the Executive is employed by the Company and/or a subsidiary of the Company (hereinafter referred to collectively as the "Employer") in a key executive capacity and the Executive's services are valuable to the conduct of the business of the Company;

WHEREAS, the Company desires to continue to attract and retain dedicated and skilled management employees in a period of industry consolidation, consistent with achieving the best possible value for its shareholders in any change in control of the Company;

WHEREAS, the Company recognizes that circumstances may arise in which a change in control of the Company occurs, through acquisition or otherwise, thereby causing a potential conflict of interest between the Company's needs for the Executive to remain focused on the Company's business and for the necessary continuity in management prior to and following a change in control, and the Executive's reasonable personal concerns regarding future employment with the Employer and economic protection in the event of loss of employment as a consequence of a change in control;

WHEREAS, the Company and the Executive are desirous that any proposal for a change in control or acquisition of the Company will be considered by the Executive objectively and with reference only to the best interests of the Company and its shareholders;

WHEREAS, the Executive will be in a better position to consider the Company's best interests if the Executive is afforded reasonable economic security, as provided in this Agreement, against altered conditions of employment which could result from any such change in control or acquisition;

WHEREAS, the Executive possesses intimate knowledge of the business and affairs of the Company and has acquired certain confidential information and data with respect to the Company; and

WHEREAS, the Company desires to insure, insofar as possible, that it will continue to have the benefit of the Executive's services and to protect its confidential information and goodwill.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto mutually covenant and agree as follows:

1. Definitions.

(a) 409A Affiliate. The term "409A Affiliate" means each entity that is required to be included in the Company's controlled group of corporations within the meaning of Section 414(b) of the Code, or that is under common control with the Company within the meaning of Section 414(c) of the Code; *provided, however,* that the phrase "at least 50 percent" shall be used in place of the phrase "at least 80 percent" each place it appears therein or in the regulations thereunder.

(b) Accrued Benefits. The term "Accrued Benefits" shall include the following amounts, payable as described herein: (i) all base salary for the time period ending with the Termination Date; (ii) reimbursement for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Employer for the time period ending with the Termination Date; (iii) any and all other cash earned through the Termination Date and deferred at the election of the Executive or pursuant to any deferred compensation plan then in effect; (iv) notwithstanding any provision of any bonus or incentive compensation plan applicable to the Executive, but subject to any irrevocable deferral election then in effect, a lump sum amount, in cash, of any bonus or incentive compensation that has been allocated or awarded to the Executive for a fiscal year or other measuring period under the plan that ends prior to the Termination Date but has not yet been paid (pursuant to Section 5(f) or otherwise); and (v) all other payments and benefits to which the Executive (or in the event of the Executive's death, the Executive's surviving spouse or other beneficiary) may be entitled on the Termination Date as compensatory fringe benefits or under the terms of any benefit plan of the Employer, excluding severance payments under any Employer severance policy, practice or agreement in effect on the Termination Date. Payment of Accrued Benefits shall be made promptly in accordance with the Company's prevailing practice with respect to clauses (i) and (ii) or, with respect to clauses (iii), (iv) and (v), pursuant to the terms of the benefit plan or practice establishing such benefits.

(c) Act. The term "Act" means the Securities Exchange Act of 1934, as amended.

(d) Affiliate and Associate. The terms "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Act.

(e) Annual Cash Compensation. The term "Annual Cash Compensation" shall mean the sum of (i) the Executive's Annual Base Salary (determined as of the time of the Change in Control of the Company or, if higher, immediately prior to the date the Notice of Termination is given) plus (ii) an amount equal to (A) if the Executive has been employed by the Company for at least 36 continuous months prior to the Change in Control of the Company, the highest annual incentive bonus the Executive earned with respect to any of the three fiscal years prior to the fiscal year in which the Change in Control of the Company occurs, or (B) if the Executive has not been employed by the Company for at least 36 continuous months prior to the Change in Control of the Company, the greater of (x) 60% of the Executive's Annual Base Salary as of the time of the Change in Control of the Company or (y) the highest annual incentive bonus

the Executive earned with respect to any of the two fiscal years prior to the fiscal year in which the Change in Control of the Company occurs.

(f) Beneficial Owner. A Person shall be deemed to be the "Beneficial Owner" of any securities:

(i) which such Person or any of such Person's Affiliates or Associates has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; *provided, however, that* a Person shall not be deemed the Beneficial Owner of, or to beneficially own, (A) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase, or (B) securities issuable upon exercise of any rights issued pursuant to the terms of any shareholder rights agreement that the Company may adopt at any time before the issuance of such securities;

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Act), including pursuant to any agreement, arrangement or understanding; *provided, however, that* a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security under this clause (ii) as a result of an agreement, arrangement or understanding to vote such security if the agreement, arrangement or understanding: (A) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations under the Act and (B) is not also then reportable on a Schedule 13D under the Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in clause (ii) above) or disposing of any voting securities of the Company.

(g) Cause. "Cause" for termination by the Employer of the Executive's employment shall be limited to (i) the engaging by the Executive in intentional conduct not taken in good faith that the Company establishes, by clear and convincing evidence, has caused demonstrable and serious financial injury to the Employer, as evidenced by a determination in a binding and final judgment, order or decree of a court or administrative agency of competent jurisdiction, in effect after exhaustion or lapse of all rights of appeal, in an action, suit or proceeding, whether civil, criminal, administrative or investigative; (ii) conviction of a felony, as evidenced by binding and final judgment, order or decree of a court of competent jurisdiction, in effect after exhaustion of all rights of appeal, which substantially impairs the Executive's ability to perform his duties or responsibilities; or (iii) continuing willful and unreasonable refusal by the Executive to perform the Executive's duties or responsibilities, unless significantly changed without the Executive's consent.

(h) Change in Control of the Company. A "Change in Control of the Company" shall be deemed to have occurred if an event set forth in any one of the following paragraphs shall have occurred:

(i) any Person (other than (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under any employee benefit plan of the Company or any of its subsidiaries, (C) an underwriter temporarily holding securities pursuant to an offering of such securities or (D) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company ("Excluded Persons")) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after the date of this Agreement, pursuant to express authorization by the Board that refers to this exception) representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors of the Company then serving: (A) individuals who, on the date of this Agreement constituted the Board and (B) any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date of this Agreement, or whose appointment, election or nomination for election was previously so approved (collectively the "Continuing Directors"); *provided, however, that* individuals who are appointed to the Board pursuant to or in accordance with the terms of an agreement relating to a merger, consolidation, or share exchange involving the Company (or any direct or indirect subsidiary of the Company) shall not be Continuing Directors for purposes of this Agreement until after such individuals are first nominated for election by a vote of at least two-thirds (2/3) of the then Continuing Directors and are thereafter elected as directors by the shareholders of the Company at a meeting of shareholders held following consummation of such merger, consolidation, or share exchange; and, *provided further, that* in the event the failure of any such persons appointed to the Board to be Continuing Directors results in a Change in Control of the Company, the subsequent qualification of such persons as Continuing Directors shall not alter the fact that a Change in Control of the Company occurred; or

(iii) the shareholders of the Company approve a merger, consolidation or share exchange of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger, consolidation or share exchange of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (A) a merger, consolidation or share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or share exchange continuing to represent (either by remaining outstanding or by being converted into voting securities of

the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than an Excluded Person) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after the date of this Agreement, pursuant to express authorization by the Board that refers to this exception) representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(iv) the shareholders of the Company approve of a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, no "Change in Control of the Company" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to own, directly or indirectly, in the same proportions as their ownership in the Company, an entity that owns all or substantially all of the assets or voting securities of the Company immediately following such transaction or series of transactions.

(i) Code. The term "Code" means the Internal Revenue Code of 1986, including any amendments thereto or successor tax codes thereof. Any reference to a particular provision of the Code shall be deemed to include reference to any successor provision thereto.

(j) Covered Termination. Subject to Section 2(b), the term "Covered Termination" means any Termination of Employment during the Employment Period where the Termination Date, or the date Notice of Termination is delivered, is any date prior to the end of the Employment Period.

(k) Employment Period. Subject to Section 2(b), the term "Employment Period" means a period commencing on the date of a Change in Control of the Company, and ending at 11:59 p.m. Central Time on the third anniversary of such date.

(l) Good Reason. The Executive shall have "Good Reason" for termination of employment in the event of:

(i) any breach of this Agreement by the Employer, including specifically any breach by the Employer of the agreements contained in Section 3(b), Section 4, Section 5, or Section 6, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that the Employer remedies promptly after receipt of notice thereof given by the Executive;

(ii) any reduction in the Executive's base salary, percentage of base salary available as incentive compensation or bonus opportunity or benefits, in each case relative to those most favorable to the Executive in effect at any time during the 180-day period prior to the Change in Control of the Company or, to the extent more favorable to the Executive, those in effect at any time during the Employment Period;

(iii) the removal of the Executive from, or any failure to reelect or reappoint the Executive to, any of the positions held with the Employer on the date of the Change in Control of the Company or any other positions with the Employer to which the Executive shall thereafter be elected, appointed or assigned, except in the event that such removal or failure to reelect or reappoint relates to the termination by the Employer of the Executive's employment for Cause or by reason of disability pursuant to Section 12;

(iv) a good faith determination by the Executive that there has been a material adverse change, without the Executive's written consent, in the Executive's working conditions or status with the Employer relative to the most favorable working conditions or status in effect during the 180-day period prior to the Change in Control of the Company, or, to the extent more favorable to the Executive, those in effect at any time during the Employment Period, including but not limited to (A) a significant change in the nature or scope of the Executive's authority, powers, functions, duties or responsibilities, or (B) a significant reduction in the level of support services, staff, secretarial and other assistance, office space and accoutrements, but in each case excluding for this purpose an isolated, insubstantial and inadvertent event not occurring in bad faith that the Employer remedies within ten (10) days after receipt of notice thereof given by the Executive;

(v) the relocation of the Executive's principal place of employment to a location more than 35 miles from the Executive's principal place of employment on the date 180 days prior to the Change in Control of the Company;

(vi) the Employer requires the Executive to travel on Employer business 20% in excess of the average number of days per month the Executive was required to travel during the 180-day period prior to the Change in Control of the Company; or

(vii) failure by the Company to obtain the Agreement referred to in Section 17(a) as provided therein.

(m) Person. The term "Person" shall mean any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity, or a group of any of the foregoing acting in concert.

(n) Prorated Bonus. The term "Prorated Bonus" shall mean an amount equal to the sum of the following with respect to each contingent bonus or incentive compensation award made to the Executive for all uncompleted periods as of the Termination Date: (i) the value of such award, calculated as if the goals with respect to such award had been attained (at the target level, if applicable), multiplied by a fraction, the numerator of which is the number of days that have elapsed from the first day of the period to which the award relates to the Termination Date and the denominator of which is the total number of days in the period to which the award relates (without regard to the Termination Date), reduced by (ii) any amounts previously paid with respect to such award or that will be paid (without regard to this Agreement).

(o) Retirement. The term "Retirement" means the cessation of service as an employee of the Company and its Affiliates for any reason other than death, disability (as provided in Section 12), or termination for Cause, if at the time of such cessation of service either (1) the Executive is age 60 and his age plus years of service for the Company and its Affiliates is equal to or greater than 70, or (2) the Executive is age 65 or older.

(p) Separation from Service. For purposes of this Agreement, the term "Separation from Service" means the Executive's Termination of Employment, or if the Executive continues to provide services following his or her Termination of Employment, such later date as is considered a separation from service from the Company and its 409A Affiliates within the meaning of Code Section 409A. Specifically, if the Executive continues to provide services to the Company or a 409A Affiliate in a capacity other than as an employee, such shift in status is not automatically a Separation from Service.

(q) Termination of Employment. For purposes of this Agreement, the Executive's "Termination of Employment" shall be presumed to occur when the Company and the Executive reasonably anticipate that no further services will be performed by the Executive for the Company and its 409A Affiliates or that the level of bona fide services the Executive will perform as an employee of the Company and its 409A Affiliates will permanently decrease to no more than 20% of the average level of bona fide services performed by the Executive (whether as an employee or independent contractor) for the Company and its 409A Affiliates over the immediately preceding 36-month period (or such lesser period of services). Whether the Executive has experienced a Termination of Employment shall be determined by the Employer in good faith and consistent with Section 409A of the Code. Notwithstanding the foregoing, if the Executive takes a leave of absence for purposes of military leave, sick leave or other bona fide reason, the Executive will not be deemed to have experienced a Termination of Employment for the first six (6) months of the leave of absence, or if longer, for so long as the Executive's right to reemployment is provided either by statute or by contract, including this Agreement; *provided that* if the leave of absence is due to a medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than six (6) months, where such impairment causes the Executive to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, the leave may be extended by the Employer for up to 29 months without causing a Termination of Employment.

(r) Termination Date. Except as otherwise provided in Section 2(b), Section 10(b), and Section 17(a), the term "Termination Date" means (i) if the Executive's Termination of Employment is by the Executive's death, the date of death; (ii) if the Executive's Termination of Employment is by reason of Retirement, the date of such retirement; (iii) if the Executive's Termination of Employment is by reason of disability pursuant to Section 12, the earlier of 30 days after the Notice of Termination is given or one day prior to the end of the Employment Period; (iv) if the Executive's Termination of Employment is by the Executive voluntarily (other than for Good Reason), the date the Notice of Termination is given; and (v) if the Executive's Termination of Employment is by the Employer (other than by reason of disability pursuant to Section 12) or by the Executive for Good Reason, the earlier of 30 days after the Notice of Termination is given or one day prior to the end of the Employment Period. Notwithstanding the foregoing,

(A) If termination is for Cause pursuant to Section 1(g)(iii) and if the Executive has cured the conduct constituting such Cause as described by the Employer in its Notice of Termination within such 30-day or shorter period, then the Executive's employment hereunder shall continue as if the Employer had not delivered its Notice of Termination.

(B) If the Executive shall in good faith give a Notice of Termination for Good Reason and the Employer notifies the Executive that a dispute exists concerning the termination within the 15-day period following receipt thereof, then the Executive may elect to continue his or her employment during such dispute and the Termination Date shall be determined under this paragraph. If the Executive so elects and it is thereafter determined that Good Reason did exist, the Termination Date shall be the earliest of (1) the date on which the dispute is finally determined, either (x) by mutual written agreement of the parties or (y) in accordance with Section 22, (2) the date of the Executive's death or (3) one day prior to the end of the Employment Period. If the Executive so elects and it is thereafter determined that Good Reason did not exist, then the employment of the Executive hereunder shall continue after such determination as if the Executive had not delivered the Notice of Termination asserting Good Reason and there shall be no Termination Date arising out of such Notice. In either case, this Agreement continues, until the Termination Date, if any, as if the Executive had not delivered the Notice of Termination except that, if it is finally determined that Good Reason did exist, the Executive shall in no case be denied the benefits described in Section 9 (including a Termination Payment) based on events occurring after the Executive delivered his Notice of Termination.

(C) Except as provided in Section 1(r)(B), if the party receiving the Notice of Termination notifies the other party that a dispute exists concerning the termination within the appropriate period following receipt thereof and it is finally determined that the reason asserted in such Notice of Termination did not exist, then (1) if such Notice was delivered by the Executive, the Executive will be deemed to have voluntarily terminated his employment and the Termination Date shall be the earlier of the date 15 days after the Notice of Termination is given or one day prior to the end of the Employment Period and (2) if delivered by the

Company, the Company will be deemed to have terminated the Executive other than by reason of death, disability or Cause.

2. Termination or Cancellation Prior to Change in Control.

(a) Subject to Section 2(b), the Employer and the Executive shall each retain the right to terminate the employment of the Executive at any time prior to a Change in Control of the Company. Subject to Section 2(b), in the event the Executive's employment is terminated prior to a Change in Control of the Company, this Agreement shall be terminated and cancelled and of no further force and effect, and any and all rights and obligations of the parties hereunder shall cease.

(b) Anything in this Agreement to the contrary notwithstanding, if a Change in Control of the Company occurs and if the Executive's employment is terminated (other than a termination due to the Executive's death or as a result of the Executive's disability) during the period of 180 days prior to the date on which the Change in Control of the Company occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control of the Company or (ii) otherwise arose in connection with or in anticipation of a Change in Control of the Company, then for all purposes of this Agreement such termination of employment shall be deemed a "Covered Termination," "Notice of Termination" shall be deemed to have been given, and the "Employment Period" shall be deemed to have begun on the date of such termination which shall be deemed to be the "Termination Date" and the date of the Change in Control of the Company for purposes of this Agreement.

3. Employment Period; Vesting of Certain Benefits.

(a) If a Change in Control of the Company occurs when the Executive is employed by the Employer, the Employer will continue thereafter to employ the Executive during the Employment Period, and the Executive will remain in the employ of the Employer in accordance with and subject to the terms and provisions of this Agreement. Any Termination of Employment during the Employment Period, whether by the Company or the Employer, shall be deemed a termination by the Company for purposes of this Agreement.

(b) If a Change in Control of the Company occurs when the Executive is employed by the Employer, (i) the Company shall cause all restrictions on restricted stock awards made to the Executive prior to the Change in Control of the Company to lapse such that the Executive is fully and immediately vested in the Executive's restricted stock upon such a Change in Control of the Company; and (ii) the Company shall cause all stock options granted to the Executive prior to the Change in Control of the Company pursuant to the Company's stock option plan(s) to be fully and immediately vested upon such a Change in Control of the Company.

4. Duties. During the Employment Period, the Executive shall, in the same capacities and positions held by the Executive at the time of the Change in Control of the Company or in such other capacities and positions as may be agreed to by the Employer and the Executive in writing, devote the Executive's best efforts and all of the Executive's business time,

attention and skill to the business and affairs of the Employer, as such business and affairs now exist and as they may hereafter be conducted; *provided, however, that* the Executive shall be entitled (a) to serve as director of other corporations and (b) to devote time to personal and financial activities, in each case so long as such activities do not materially affect the Executive's ability to perform the Executive's duties hereunder.

5. Compensation. During the Employment Period, the Executive shall be compensated as follows:

(a) The Executive shall receive, at reasonable intervals (but not less often than monthly) and in accordance with such standard policies as may be in effect immediately prior to the Change in Control of the Company, an annual base salary in cash equivalent of not less than twelve times the Executive's highest monthly base salary for the twelve-month period immediately preceding the month in which the Change in Control of the Company occurs or, if higher, an annual base salary at the rate in effect immediately prior to the Change in Control of the Company (which base salary shall, unless otherwise agreed in writing by the Executive and subject to any irrevocable deferral election then in effect, include the current receipt by the Executive of any amounts which, prior to the Change in Control of the Company, the Executive had elected to defer, whether such compensation is deferred under Section 401(k) of the Code or otherwise), subject to adjustment as hereinafter provided in Section 6 (such salary amount as adjusted upward from time to time is hereafter referred to as the "Annual Base Salary").

(b) The Executive shall receive fringe benefits at least equal in value to the highest value of such benefits provided for the Executive at any time during the 180-day period immediately prior to the Change in Control of the Company or, if more favorable to the Executive, those provided generally at any time during the Employment Period to any executives of the Employer of comparable status and position to the Executive; and shall be reimbursed, at such intervals and in accordance with such standard policies that are most favorable to the Executive that were in effect at any time during the 180-day period immediately prior to the Change in Control of the Company, for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Employer, including travel expenses.

(c) The Executive and/or the Executive's family, as the case may be, shall be included, to the extent eligible thereunder (which eligibility shall not be conditioned on the Executive's salary grade or on any other requirement which excludes persons of comparable status to the Executive unless such exclusion was in effect for such plan or an equivalent plan at any time during the 180-day period immediately prior to the Change in Control of the Company), in any and all plans providing benefits for the Employer's salaried employees in general, including but not limited to group life insurance, hospitalization, medical, dental, profit sharing and stock bonus plans; *provided, that*, (i) in no event shall the aggregate level of benefits under such plans in which the Executive is included be less than the aggregate level of benefits under plans of the Employer of the type referred to in this Section 5(c) in which the Executive was participating at any time during the 180-day period immediately prior to the Change in Control of the Company and (ii) in no event shall the aggregate level of benefits under such plans be less than the aggregate level of benefits under plans of the type referred to in this Section 5(c)

provided at any time after the Change in Control of the Company to any executive of the Employer of comparable status and position to the Executive.

(d) The Executive shall annually be entitled to not fewer than the highest number of paid holidays to which the Executive was entitled annually at any time during the 180-day period immediately prior to the Change in Control of the Company or such greater number of paid holidays as may be made available annually to other executives of the Employer of comparable status and position to the Executive at any time during the Employment Period.

(e) The Executive shall be included in all plans providing additional benefits to executives of the Employer of comparable status and position to the Executive, including but not limited to deferred compensation, split-dollar life insurance, supplemental retirement, stock option, stock appreciation, stock bonus and similar or comparable plans; *provided, that*, (i) in no event shall the aggregate level of benefits under such plans be less than the highest aggregate level of benefits under plans of the Employer of the type referred to in this Section 5(e) in which the Executive was participating at any time during the 180-day period immediately prior to the Change in Control of the Company; (ii) in no event shall the aggregate level of benefits under such plans be less than the aggregate levels of benefits under plans of the type referred to in this Section 5(e) provided at any time after the Change in Control of the Company to any executive of the Employer comparable in status and position to the Executive; and (iii) the Employer's obligation to include the Executive in bonus or incentive compensation plans shall be determined by Section 5(f).

(f) To assure that the Executive will have an opportunity to earn incentive compensation after a Change in Control of the Company, the Executive shall be included in a bonus plan of the Employer which shall satisfy the standards described below (such plan, the "Bonus Plan"). Bonuses under the Bonus Plan shall be payable with respect to achieving such financial or other goals reasonably related to the business of the Employer as the Employer shall establish (the "Goals"), all of which Goals shall be attainable, prior to the end of the Employment Period, with approximately the same degree of probability as the most attainable goals under the Employer's bonus plan or plans as in effect at any time during the 180-day period immediately prior to the Change in Control of the Company (whether one or more, the "Company Bonus Plan") and in view of the Employer's existing and projected financial and business circumstances applicable at the time. The amount of the bonus (the "Bonus Amount") that the Executive is eligible to earn under the Bonus Plan shall be no less than the amount of the Executive's maximum award provided in such Company Bonus Plan (such bonus amount herein referred to as the "Targeted Bonus"), and in the event the Goals are not achieved such that the entire Targeted Bonus is not payable, the Bonus Plan shall provide for a payment of a Bonus Amount equal to a portion of the Targeted Bonus reasonably related to that portion of the Goals which were achieved. Payment of the Bonus Amount shall not be affected by any circumstance occurring subsequent to the end of the Employment Period, including the Executive's Termination of Employment.

6. Annual Compensation Adjustments. During the Employment Period, the Board of Directors of the Company (or an appropriate committee thereof) will consider and appraise, at least annually, the contributions of the Executive to the Company, and in accordance with the Company's practice prior to the Change in Control of the Company, due consideration

shall be given to the upward adjustment of the Executive's Annual Base Salary, at least annually, (a) commensurate with increases generally given to other executives of the Company of comparable status and position to the Executive, and (b) as the scope of the Company's operations or the Executive's duties expand.

7. Termination For Cause or Without Good Reason. If there is a Covered Termination for Cause or due to the Executive's voluntarily terminating his employment other than for Good Reason (any such terminations to be subject to the procedures set forth in Section 13), then the Executive shall be entitled to receive only Accrued Benefits.

8. Termination Giving Rise to a Termination Payment. If there is a Covered Termination by the Executive for Good Reason, or by the Company other than by reason of (i) death, (ii) disability pursuant to Section 12, or (iii) Cause (any such terminations to be subject to the procedures set forth in Section 13), then the Executive shall be entitled to receive, and the Company shall promptly pay, Accrued Benefits and, in lieu of further base salary for periods following the Termination Date, as liquidated damages and additional severance pay and in consideration of the covenant of the Executive set forth in Section 14(a), the Termination Payment and the Prorated Bonus.

9. Payments Upon Termination.

(a) Termination Payment.

(i) Subject to Section 9(a)(iii), the "Termination Payment" shall be an amount equal to the Annual Cash Compensation times two (2).

(ii) The Termination Payment and the Prorated Bonus shall be paid to the Executive in cash equivalent on the first day of the seventh month following the month in which the Executive's Separation from Service occurs, without interest thereon; *provided that,* if on the date of the Executive's Separation from Service, neither the Company nor any other entity that is considered a "service recipient" with respect to the Executive within the meaning of Code Section 409A has any stock which is publicly traded on an established securities market (within the meaning of Treasury Regulation Section 1.897-1(m)) or otherwise, then the Termination Payment and the Prorated Bonus shall be paid to the Executive in cash equivalent within ten (10) business days after the Termination Date, or if the Executive's Termination Date is pursuant to Section 2(b), within ten (10) business days after the date of the Change in Control of the Company (as defined without reference to Section 2(b)). Such lump sum payment shall not be reduced by any present value or similar factor, and the Executive shall not be required to mitigate the amount of the Termination Payment and Prorated Bonus by securing other employment or otherwise, nor will such Termination Payment and Prorated Bonus be reduced by reason of the Executive securing other employment or for any other reason. The Termination Payment and Prorated Bonus shall be in lieu of, and acceptance by the Executive of the Termination Payment and Prorated Bonus shall constitute the Executive's release of any rights of the Executive to, any other cash severance payments under any Company severance policy, practice or agreement.

(iii) Notwithstanding any other provision of this Agreement, if any portion of the Termination Payment or any other payment under this Agreement, or under any other agreement with or plan of the Employer (in the aggregate, "Total Payments"), would constitute an "excess parachute payment," then the Executive shall have the option to have the Total Payments to be made to the Executive reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be One Dollar ($1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed under Section 4999 of the Code. For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to them in Section 280G of the Code and such "parachute payments" shall be valued as provided therein. Present value for purposes of this Agreement shall be calculated in accordance with Section 1274(b)(2) of the Code. Within 40 days following a Covered Termination or notice by one party to the other of its belief that there is a payment or benefit due the Executive that will result in an "excess parachute payment" as defined in Section 280G of the Code, the Executive and the Company, at the Company's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel ("National Tax Counsel") selected by the Company's independent auditors and reasonably acceptable to the Executive (which may be regular outside counsel to the Company), which opinion sets forth (A) the amount of the Base Period Income, (B) the amount and present value of Total Payments, (C) the amount and present value of any excess parachute payments determined without regard to any reduction of Total Payments pursuant to this Section 9(a)(ii) and (D) the net after-tax proceeds to the Executive, taking into account the tax imposed under Section 4999 of the Code if (x) the Total Payments were reduced in accordance with the first sentence of this Section 9(a)(iii) or (y) the Total Payments were not so reduced. As used in this Agreement, the term "Base Period Income" means an amount equal to the Executive's "annualized includable compensation for the base period" as defined in Section 280G(d)(1) of the Code. For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Section 280G(d)(3) and (4) of the Code, which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Executive. The opinion of National Tax Counsel shall be addressed to the Company and the Executive and shall be binding upon the Company and the Executive. If such National Tax Counsel opinion determines that there would be an excess parachute payment, then, at the Executive's sole discretion, the Termination Payment hereunder or any other payment or benefit determined by such counsel to be includable in Total Payments may be reduced or eliminated as specified by the Executive in writing delivered to the Company within thirty days of his receipt of such opinion so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such National Tax Counsel so requests in connection with the opinion required by this Section 9(a), the Executive and the Company shall obtain, at the Company's expense, and the National Tax Counsel may rely on, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Executive solely with respect to its status under Section 280G of the Code and the regulations thereunder.

(iv) The Company agrees to bear all costs associated with, and to indemnify and hold harmless, the National Tax Counsel of and from any and all claims, damages, and expenses resulting from or relating to its determinations pursuant to this Section 9(a), except for claims, damages or expenses resulting from the gross negligence or willful misconduct of such firm.

(b) Additional Benefits. If there is a Covered Termination and the Executive is entitled to Accrued Benefits, the Termination Payment and the Prorated Bonus, then the Company shall provide to the Executive the following additional benefits:

(i) The Executive shall receive, until the end of the second calendar year following the calendar year in which the Executive's Separation from Service occurs, at the expense of the Company, outplacement services, on an individualized basis at a level of service commensurate with the Executive's status with the Company immediately prior to the date of the Change in Control of the Company (or, if higher, immediately prior to the Executive's Termination of Employment), provided by a nationally recognized executive placement firm selected by the Company; *provided that* the cost to the Company of such services shall not exceed 10% of the Executive's Annual Base Salary.

(ii) Until the earlier of the end of the Employment Period or such time as the Executive has obtained new employment and is covered by benefits which in the aggregate are at least equal in value to the following benefits:

(A) The Executive shall continue to be covered, at the expense of the Company, by the same or equivalent hospitalization, medical and dental coverage as was required hereunder with respect to the Executive immediately prior to the date the Notice of Termination is given. If, following the end of the COBRA continuation period, such hospitalization, medical or dental coverage is provided under a health plan that is subject to Section 105(h) of the Code, then benefits payable under such health plan shall comply with the requirements of Treasury regulation section 1.409A-3(i)(1)(iv) and, if necessary, the Company shall amend such health plan to comply therewith. If, following the end of the COBRA continuation period, the Company's health plan does not permit continued coverage by Executive and his covered dependents, then the Company may satisfy its obligations hereunder by purchasing an individual insurance policy on Executive's and his covered dependents' behalf or enrolling Executive and his covered dependents in a state-sponsored high risk health pool if individual insurance is not able to be obtained, all at the Company's expense.

(B) If the Executive elects to convert his group life insurance to an individual policy, then the Company shall pay the Executive's premiums for such conversion policies. Notwithstanding the foregoing, if the Executive's Termination Payment is delayed for six (6) months following his Separation from Service, then during the first six (6) months following the Executive's Separation from Service, the Executive shall pay the conversion premiums and after the end of such six (6) month period, the Company shall make a cash equivalent payment

to the Executive equal to the aggregate premiums paid by the Executive for such coverage, without interest thereon.

If the Executive is entitled to the Termination Payment pursuant to Section 2(b), then within ten (10) days following the Change in Control of the Company (determined without regard to Section 2(b)), the Company shall reimburse the Executive for any COBRA premiums the Executive paid for his hospitalization, medical and dental coverage under COBRA from the Executive's Termination Date through the date of the Change in Control of the Company (determined without regard to Section 2(b)).

(iii) The Company shall reimburse the Executive for up to $15,000 in the aggregate of fees and expenses of consultants and/or legal or accounting advisors engaged by the Executive to advise the Executive as to matters relating to the computation of benefits due and payable under this Section 9.

10. Death.

(a) Except as provided in Section 10(b), in the event of a Covered Termination due to the Executive's death, the Executive's estate, heirs and beneficiaries shall receive all the Executive's Accrued Benefits through the Termination Date and, no later than 90 days after the Executive's death, the Prorated Bonus.

(b) In the event the Executive dies after a Notice of Termination is given (i) by the Company or (ii) by the Executive for Good Reason, the Executive's estate, heirs and beneficiaries shall be entitled to the benefits described in Section 10(a) and, subject to the provisions of this Agreement, to such Termination Payment as the Executive would have been entitled to had the Executive lived, except that the Termination Payment shall be paid within 90 days following the date of the Executive's death. For purposes of this Section 10(b), the Termination Date shall be the earlier of 30 days following the giving of the Notice of Termination, subject to extension pursuant to Section 1(m), or one day prior to the end of the Employment Period.

11. Retirement. If, during the Employment Period, the Executive and the Employer shall execute an agreement providing for the early retirement of the Executive from the Employer, or the Executive shall otherwise give notice that he is voluntarily choosing to retire early from the Employer, the Executive shall receive Accrued Benefits through the Termination Date; *provided that* if the Executive's employment is terminated by the Executive for Good Reason or by the Company other than by reason of death, disability or Cause and the Executive also, in connection with such termination, elects voluntary early retirement, then the Executive shall also be entitled to receive a Termination Payment and the Prorated Bonus pursuant to Section 8.

12. Termination for Disability. If, during the Employment Period, as a result of the Executive's disability due to physical or mental illness or injury (regardless of whether such illness or injury is job-related), the Executive shall have been absent from the Executive's duties hereunder on a full-time basis for a period of six (6) consecutive months and, within 30 days after the Company notifies the Executive in writing that it intends to terminate the

Executive's employment (which notice shall not constitute the Notice of Termination contemplated below), the Executive shall not have returned to the performance of the Executive's duties hereunder on a full-time basis, the Company may terminate the Executive's employment for purposes of this Agreement pursuant to a Notice of Termination given in accordance with Section 13. If the Executive's employment is terminated on account of the Executive's disability in accordance with this Section, the Executive shall receive Accrued Benefits through the Termination Date and, no later than 90 days after the Executive's Separation from Service, the Prorated Bonus, and shall remain eligible for all benefits provided by any long term disability programs of the Employer in effect at the time of such termination.

13. Termination Notice and Procedure. Any Covered Termination by the Company or the Executive (other than a termination of the Executive's employment that is a Covered Termination by virtue of Section 2(b)) shall be communicated by a written notice of termination ("Notice of Termination") to the Executive, if such Notice is given by the Company, and to the Company, if such Notice is given by the Executive, all in accordance with the following procedures and those set forth in Section 24:

(a) If such termination is for disability, Cause or Good Reason, the Notice of Termination shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such termination.

(b) Any Notice of Termination by the Company shall have been approved, prior to the giving thereof to the Executive, by a resolution duly adopted by a majority of the directors of the Company (or any successor corporation) then in office.

(c) If the Notice is given by the Executive for Good Reason, the Executive may cease performing his duties hereunder on or after the date 15 days after the delivery of Notice of Termination and shall in any event cease employment on the Termination Date. If the Notice is given by the Company, then the Executive may cease performing his duties hereunder on the date of receipt of the Notice of Termination, subject to the Executive's rights hereunder.

(d) The Executive shall have 30 days, or such longer period as the Company may determine to be appropriate, to cure any conduct or act, if curable, alleged to provide grounds for termination of the Executive's employment for Cause under this Agreement pursuant to Section 1(g)(iii).

(e) The recipient of any Notice of Termination shall personally deliver or mail in accordance with Section 24 written notice of any dispute relating to such Notice of Termination to the party giving such Notice within 15 days after receipt thereof; *provided, however, that* if the Executive's conduct or act alleged to provide grounds for termination by the Company for Cause is curable, then such period shall be 30 days. After the expiration of such period, the contents of the Notice of Termination shall become final and not subject to dispute.

14. Further Obligations of the Executive.

(a) Competition. The Executive agrees that, in the event of any Covered Termination where the Executive is entitled to Accrued Benefits and the Termination Payment,

the Executive shall not, for a period expiring six (6) months after the Termination Date, without the prior written approval of the Company's Board of Directors, participate in the management of, be employed by or own any business enterprise at a location within the United States that engages in substantial competition with the Company or its subsidiaries, where such enterprise's revenues from any competitive activities amount to 10% or more of such enterprise's net revenues and sales for its most recently completed fiscal year; *provided, however, that* nothing in this Section 14(a) shall prohibit the Executive from owning stock or other securities of a competitor amounting to less than five percent of the outstanding capital stock of such competitor.

(b) Confidentiality. During and following the Executive's employment by the Company, the Executive shall hold in confidence and not directly or indirectly disclose or use or copy or make lists of any confidential information or proprietary data of the Company (including that of the Employer), except to the extent authorized in writing by the Board of Directors of the Company or required by any court or administrative agency, other than to an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of duties as an executive of the Company. Confidential information shall not include any information known generally to the public or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that of the Company. All records, files, documents and materials, or copies thereof, relating to the business of the Company which the Executive shall prepare, or use, or come into contact with, shall be and remain the sole property of the Company and shall be promptly returned to the Company upon termination of employment with the Company.

(c) No Solicitation. The Executive agrees that, in the event of any Covered Termination where the Executive is entitled to Accrued Benefits, the Termination Payment and the Prorated Bonus, the Executive shall not, for a period expiring two years after the Termination Date, without the prior written approval of the Company's Board of Directors, hire or solicit for employment any person who is or was employed by the Company during the then immediately preceding 12 months, other than pursuant to a general published solicitation of employment.

15. Expenses and Interest. If, after a Change in Control of the Company, (a) a dispute arises with respect to the enforcement of the Executive's rights under this Agreement or (b) any legal or arbitration proceeding shall be brought to enforce or interpret any provision contained herein or to recover damages for breach hereof, in either case so long as the Executive is not acting in bad faith, then the Company shall reimburse the Executive for any reasonable attorneys' fees and necessary costs and disbursements incurred as a result of the dispute, legal or arbitration proceeding ("Expenses"), and prejudgment interest on any money judgment or arbitration award obtained by the Executive calculated at the rate of interest announced by The Bank of New York, from time to time at its prime or base lending rate from the date that payments to him or her should have been made under this Agreement. Within ten (10) days after the Executive's written request therefor (but in no event later than the end of the calendar year following the calendar year in which such Expense is incurred), the Company shall reimburse the Executive, or such other person or entity as the Executive may designate in writing to the Company, the Executive's reasonable Expenses.

16. Payment Obligations Absolute. The Company's obligation during and after the Employment Period to pay the Executive the amounts and to make the benefit and other arrangements provided herein shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against him or anyone else. Except as provided in Section 15, all amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company shall be final, and the Company will not seek to recover all or any part of such payment from the Executive, or from whomsoever may be entitled thereto, for any reason whatsoever.

17. Successors.

(a) If the Company sells, assigns or transfers all or substantially all of its business and assets to any Person or if the Company merges into or consolidates or otherwise combines (where the Company does not survive such combination) with any Person (any such event, a "Sale of Business"), then the Company shall assign all of its right, title and interest in this Agreement as of the date of such event to such Person, and the Company shall cause such Person, by written agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform from and after the date of such assignment all of the terms, conditions and provisions imposed by this Agreement upon the Company. Failure of the Company to obtain such agreement prior to the effective date of such Sale of Business shall be a breach of this Agreement constituting "Good Reason" hereunder, except that for purposes of implementing the foregoing the date upon which such Sale of Business becomes effective shall be deemed the Termination Date. In case of such assignment by the Company and of assumption and agreement by such Person, as used in this Agreement, "Company" shall thereafter mean such Person which executes and delivers the agreement provided for in this Section 17 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law, and this Agreement shall inure to the benefit of, and be enforceable by, such Person. The Executive shall, in his or her discretion, be entitled to proceed against any or all of such Persons, any Person which theretofore was such a successor to the Company and the Company (as so defined) in any action to enforce any rights of the Executive hereunder. Except as provided in this Section 17(a), this Agreement shall not be assignable by the Company. This Agreement shall not be terminated by the voluntary or involuntary dissolution of the Company.

(b) This Agreement and all rights of the Executive shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, heirs and beneficiaries. All amounts payable to the Executive under Sections 7, 8, 9, 10, 11, 12 and 15 if the Executive had lived shall be paid, in the event of the Executive's death, to the Executive's estate, heirs and representatives; *provided, however, that* the foregoing shall not be construed to modify any terms of any benefit plan of the Employer, as such terms are in effect on the date of the Change in Control of the Company, that expressly govern benefits under such plan in the event of the Executive's death.

18. Severability. The provisions of this Agreement shall be regarded as divisible, and if any of said provisions or any part hereof are declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remainder of such provisions or parts hereof and the applicability thereof shall not be affected thereby.

19. Contents of Agreement; Waiver of Rights; Amendment. This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof, and the Executive hereby waives all rights under, any prior or other agreement or understanding between the parties with respect to such subject matter. This Agreement may not be amended or modified at any time except by written instrument executed by the Company and the Executive.

20. Withholding. The Company shall be entitled to withhold from amounts to be paid to the Executive hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold; *provided that* the amount so withheld shall not exceed the minimum amount required to be withheld by law unless otherwise elected by the Executive in writing. In addition, if prior to the date of payment of the Termination Payment or Prorated Bonus hereunder, the Federal Insurance Contributions Act (FICA) tax imposed under Sections 3101, 3121(a) and 3121(v)(2) of the Code, where applicable, becomes due with respect to any payment or benefit to be provided hereunder, the Company may provide for an immediate payment of the amount needed to pay the Executive's portion of such tax (plus an amount equal to the taxes that will be due on such amount) and the Executive's Termination Payment or Prorated Bonus shall be reduced accordingly. The Company shall be entitled to rely on an opinion of the National Tax Counsel if any question as to the amount or requirement of any such withholding shall arise.

21. Certain Rules of Construction. No party shall be considered as being responsible for the drafting of this Agreement for the purpose of applying any rule construing ambiguities against the drafter or otherwise. No draft of this Agreement shall be taken into account in construing this Agreement. Any provision of this Agreement which requires an agreement in writing shall be deemed to require that the writing in question be signed by the Executive and an authorized representative of the Company.

22. Governing Law; Resolution of Disputes. This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Wisconsin, without reference to conflict of law principles thereof. Any dispute arising out of this Agreement shall, at the Executive's election, be determined by arbitration under the rules of the American Arbitration Association then in effect (in which case both parties shall be bound by the arbitration award) or by litigation. Whether the dispute is to be settled by arbitration or litigation, the venue for the arbitration or litigation shall be Milwaukee, Wisconsin or, at the Executive's election, if the Executive is not then residing or working in the Milwaukee, Wisconsin metropolitan area, in the judicial district encompassing the city in which the Executive resides; *provided, that*, if the Executive is not then residing in the United States, the election of the Executive with respect to such venue shall be either Milwaukee, Wisconsin or in the judicial district encompassing that city in the United States among the thirty cities having the largest population (as determined by the most recent United States Census data available at the Termination Date) which is closest to the Executive's residence. The parties consent to personal jurisdiction in each trial court in the selected venue having subject matter jurisdiction notwithstanding their residence or situs, and each party irrevocably consents to service of process in the manner provided hereunder for the giving of notices.

23. Additional Section 409A Provisions.

(a) If, after the date of a Change in Control of the Company, any payment amount or the value of any benefit under this Agreement is required to be included in the Executive's income prior to the date such amount is actually paid or the benefit provided as a result of the failure of this Agreement (or any other arrangement that is required to be aggregated with this Agreement under Code Section 409A) to comply with Code Section 409A, then the Executive shall receive a distribution, in a lump sum, within 90 days after the date it is finally determined that the Agreement (or such other arrangement that is required to be aggregated with this Agreement) fails to meet the requirements of Section 409A of the Code; such distribution shall equal the amount required to be included in the Executive's income as a result of such failure and shall reduce the amount of payments or benefits otherwise due hereunder.

(b) The Company and the Executive intend the terms of this Agreement to be in compliance with Section 409A of the Code. The Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit, including but not limited to consequences related to Section 409A of the Code. To the maximum extent permissible, any ambiguous terms of this Agreement shall be interpreted in a manner that avoids a violation of Section 409A of the Code.

(c) If the Executive believes he is entitled to a payment or benefit pursuant to the terms of this Agreement that was not timely paid or provided, and such payment or benefit is considered deferred compensation subject to the requirements of Section 409A of the Code, the Executive acknowledges that to avoid an additional tax on such payment or benefit pursuant to the provisions of Section 409A of the Code, the Executive must make a reasonable, good faith effort to collect such payment or benefit **no later than 90 days** after the latest date upon which the payment could have been timely made or benefit timely provided without violating Section 409A of the Code, and if not paid or provided, must take further enforcement measures **within 180 days** after such latest date.

24. Notice. Notices given pursuant to this Agreement shall be in writing and, except as otherwise provided by Section 13(d), shall be deemed given when actually received by the Executive or actually received by the Company's Secretary or any officer of the Company other than the Executive. If mailed, such notices shall be mailed by United States registered or certified mail, return receipt requested, addressee only, postage prepaid, if to the Company, to Fiserv, Inc., Attention: Corporate Secretary (or President, if the Executive is then the Corporate Secretary), 255 Fiserv Drive, Brookfield, Wisconsin 53045, or if to the Executive, at the address set forth below the Executive's signature to this Agreement, or to such other address as the party to be notified shall have theretofore given to the other party in writing.

25. No Waiver. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

26. Headings. The headings herein contained are for reference only and shall not affect the meaning or interpretation of any provision of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

FISERV, INC.

By: /s/ Jeffery W. Yabuki
Jeffery W. Yabuki
President and CEO

EXECUTIVE:

/s/ Devin B. McGranahan
Devin B. McGranahan

Exhibit 10.35

FISERV, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN

1. PURPOSE OF THE PLAN.

The purpose of this Plan is to establish a deferred compensation program for certain key management and highly-compensated associates of Fiserv, Inc., a Wisconsin corporation (the "Company") and any of its U.S. subsidiaries, permitting such associates to defer the receipt of compensation from the Company or such U.S. subsidiary.

2. DEFINITIONS.

As used in this Plan, the following capitalized terms shall have the indicated meaning.

"Annual Enrollment Form" means, with respect to each Participant and any calendar year, the form specified by the Plan Administrator, as completed and delivered to the Company by each Participant pursuant to such specific deadlines as may exist from time to time pursuant to the Plan.

"Beneficiary" has the meaning set forth in Section 8 hereof.

"Board" means the Board of Directors of the Company.

"Bonus Compensation" means any cash compensation earned by a Participant pursuant to a written incentive plan of the Company with respect to any calendar year.

"Bonus Deferral Election" means an election to defer all or a portion of a Participant's Bonus Compensation as set forth in the Participant's Annual Enrollment Form.

"Business Day" means any day on which both (i) the National Association of Securities Dealers Automated Quotation System ("NASDAQ") is open for trading and (ii) each of the Company, the Trustee, each Investment and any record keeper retained by the Plan Administrator is open for business.

"Change of Control" means, with respect to a Participant, the occurrence of one or more of the following events with respect to the Company or the subsidiary that employs (or employed) such Participant (either, the "Employer"):

(a) Any person or more than one person acting as a group (as determined in accordance with Section 409A) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of securities of the Employer representing thirty percent (30%) or more of the combined voting power of the Employer's then outstanding Voting Securities;

(b) Any person or more than one person acting as a group (as determined in accordance with Section 409A) acquires ownership of securities of the Employer that, together with securities held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the securities of the Employer;

(c) The date a majority of the members of the Board of Directors of the Employer becomes replaced, during any twelve (12) month period, by directors whose appointment or election to such board was not endorsed by a majority of the members of such board before the date of such appointment or election; or

(d) the Employer transfers substantially all of its assets to another person, or more than one person acting as a group, in accordance with Section 409A.

"Code" means the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code includes any successor provision thereto.

"Company" means Fiserv, Inc., a corporation organized under the laws of the State of Wisconsin, or any successor corporation.

"Deferral Account" means, with respect to each Participant, the book-keeping record maintained by the Company for each Participant in accordance with the terms of this Plan.

"Eligible Employee" means an employee of the Company or a U.S. subsidiary who is (a) employed in the U.S. and (b) whose annual base salary is equal to or greater than the compensation limit in effect under Code Section 401(a)(17) for the year. The determination of annual base salary, and thus which associates are considered Eligible Employees for the following year, shall be made at the time the Plan Administrator distributes the Annual Enrollment Form.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Fair Market Value" means, with respect to any Investment, the closing price on the date of reference, or if there were no sales on such date, then the closing price on the nearest preceding day on which there were such sales, and in the case of an unlisted security, the mean between the bid and asked prices on the date of reference, or if no such prices are available for such date, then the mean between the bid and asked prices on the nearest preceding day for which such prices are available. With respect to any Investment which reports "net asset values" or similar measures of the value of an ownership interest in the Investment, Fair Market Value shall mean such closing net asset value on the date of reference, or if no net asset value was reported on such date, then the net asset value on the nearest preceding day on which such net asset value was reported. For any Investment not described in the preceding sentences, Fair Market Value shall mean the value of the Investment as determined by the Plan Administrator in its reasonable judgment on a consistent basis, based upon such available and relevant information as the Plan Administrator determines to be appropriate.

"Installment Distribution Option" means the distribution option for a Participant's Retirement Account as described in Section 7(b)(i) hereof.

"Investment" means the deemed investment options as may be designated from time to time by the Company in its sole and absolute discretion.

"Lump Sum Distribution Option" means the distribution option for a Participant's Retirement Account as described in Section 7(b)(ii) hereof.

"Participant" means an Eligible Employee who has made a deferral election under the Plan. Where the context so requires, the term "Participant" shall include a person who has a Deferral Account under the Plan, including a Beneficiary who obtains benefits under this Plan in accordance with its terms.

"Permitted Retirement Date" means the date on which a Participant both has (i) completed at least ten (10) years of full-time employment with the Company or any subsidiary, and (ii) is at least 55 years old.

"Plan" means this Fiserv, Inc. Nonqualified Deferred Compensation Plan, as it may be amended from time to time.

"Plan Administrator" means the Compensation Committee of the Board.

"Retirement Account" means, with respect to each Participant, that portion of a Participant's Deferral Account which is determined in accordance with Section 6(d) hereof.

"Salary Compensation" means any base salary payable by, plus any commission compensation (payable in cash) earned from, the Company or subsidiary in any calendar year, without reduction for the amount of any contributions made by the Company or subsidiary on behalf of Participant under any salary reduction or similar arrangement to a qualified deferred compensation, pension or cafeteria plan, contributions toward a simplified employee pension plan described in Section 408(k) of the Code, and/or contributions of elective contributions pursuant to an arrangement qualified under Section 401(k) of the Code; provided, however, that in no event shall "Salary Compensation" include any severance payments or other compensation which is paid to Participant as a result of the Participant's termination of employment with the Company or subsidiary. Notwithstanding anything herein to the contrary, in no event shall Salary Compensation include Bonus Compensation. For purposes hereof, commissions are considered earned in the calendar year in which the customer remits payment to the Company or subsidiary.

"Salary Deferral Election" means an election to defer a portion of a Participant's Salary Compensation pursuant to the Plan and as set forth in the Participant's Annual Enrollment Form.

"Section 409A" means Section 409A of the Code and any guidance promulgated thereunder.

"Section 409A Affiliate" means each entity that is required to be aggregated with the Company pursuant to Code Section 414(b) or (c); provided, however, that for purposes of determining if a Participant has incurred a Separation from Service, the phrase "at least 50 percent" shall be used in place of the phrase "at least 80 percent" each place it appears therein or in the regulations thereunder.

"Separation from Service" means a Participant's Termination of Employment, or if the Participant continues to provide services following his or her Termination of Employment, such later date as is considered a separation from service from the Company and its Section 409A Affiliates within the meaning of Section 409A. Specifically, if the Participant continues to provide services to the Company or a Section 409A Affiliate in a capacity other than as an employee, such shift in status is not automatically a Separation from Service.

"Specified Date Account" means, with respect to each Participant, that portion of the Participant's Deferral Account which is determined in accordance with Section 6(d) hereof.

"Specified Employee" means all Participants under the Plan, but only if, on the date of such Participant's Separation from Service, the Company or any other entity that is considered a "service recipient" with respect to the Participant within the meaning of Code Section 409A has stock which is publicly traded on an established securities market (within the meaning of Treasury Regulation Section 1.897-1(m)) or otherwise.

"Sub Account" means, with respect to any Participant, the Participant's Retirement Account or any Specified Date Account.

"Termination Date" means, with respect to each Participant, the date of the Participant's termination of employment. Termination of employment shall be presumed to occur when the Company and a Participant reasonably anticipate that no further services will be performed by the Participant for the Company and its Section 409A Affiliates or that the level of bona fide services a Participant will perform as an employee of the Company and its Section 409A Affiliates will permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed by the Participant (whether as an employee or independent contractor) for the Company and its Section 409A Affiliates over the immediately preceding 36- month period (or such lesser period of services). Whether a Participant has experienced a termination of employment shall be determined by the Company in good faith and consistent with Section 409A. Notwithstanding the foregoing, if a Participant takes a leave of absence for purposes of military leave, sick leave or other bona fide reason, the Participant will not be deemed to have experienced a termination of employment for the first six (6) months of the leave of absence, or if longer, for so long as the Participant's right to reemployment is provided either by statute or by contract; provided that if the leave of absence is due to a medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than six (6) months, where such impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, the leave may be extended by the Company for up to twenty-nine (29) months without causing a termination of employment.

"Trust" means the trust created pursuant to the Trust Agreement.

"Trust Agreement" means the Trust Agreement entered into by and between the Company and the Trustee, as may be amended from time to time.

"Trustee" means the trustee of the Trust. The Trustee shall at all times be a bank with trust powers. The initial and any successor Trustee shall be as selected by the Company.

"Unforeseeable Emergency" means in accordance with Section 409A, (1) a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary, or the Participant's dependent; (2) loss of the Participant's property due to casualty; or (3) any other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, as determined by the Plan Administrator.

"Voting Securities" means any security which ordinarily possesses the power to vote in the election of the Board of Directors of the Employer without the happening of any precondition or contingency.

3. ADMINISTRATION.

The Plan shall be administered by the Plan Administrator. The Plan Administrator shall have the authority to adopt, alter and repeal such rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any agreements relating thereto; and to otherwise supervise the administration of the Plan. All decisions made by the Plan Administrator pursuant to the provisions of the Plan shall be made in the Plan Administrator's sole discretion and shall be final and binding on all persons, including Participants. The Plan Administrator may delegate some or all of its duties hereunder to such other persons or entities as it shall designate, and in such event, references herein to the Plan Administrator shall include such person or entity to the extent of such delegation.

Without limiting the generality of the foregoing, the Plan Administrator shall have the following powers and duties:

(a) To require any person to furnish such reasonable information as may be requested for the purpose of the proper administration of the Plan as a condition to receiving any benefits under the Plan;

(b) To make and enforce such rules and regulations and prescribe the use of such forms as it shall deem necessary for the efficient administration of the Plan;

(c) To determine the amount of benefits that shall be payable to any person in accordance with the provisions of the Plan, and to provide a full and fair review to any Participant whose claim for benefits has been denied in whole or in part;

(d) To employ at the expense of the Company other persons (who may or may not be employed by the Company) to assist the Plan Administrator in carrying out its duties under the terms of the Plan;

(e) To keep records of all acts and determinations, and to keep all such records, books of account, data and other documents as may be necessary for the proper administration of the Plan;

(f) To prepare and distribute to all Participants and Beneficiaries information concerning the Plan and their rights under the Plan;

(g) To exercise any powers reserved to the Company under the Trust executed in connection with this Plan, including but not limited to the power to provide investment guidelines to the trustee under the Trust; and

(h) To do all things necessary to operate and administer the Plan in accordance with its provisions.

4. DEFERRED COMPENSATION.

(a) Salary Deferrals. An Eligible Employee may elect to defer the receipt of up to one hundred percent (100%) of his or her Salary Compensation as designated by him/her pursuant to a Salary Deferral Election set forth on the Annual Enrollment Form.

(b) Bonus Deferrals. An Eligible Employee may elect to defer the receipt of up to one hundred percent (100%) of his or her Bonus Compensation as designated by him/her pursuant to a Bonus Deferral Election set forth on the Annual Enrollment Form.

(c) Annual Enrollment.

(i) In order for a Salary Deferral Election to be effective, an Annual Enrollment Form containing a Salary Deferral Election must be completed, signed, and delivered to the Company prior to the first day of the calendar year for which the election is to be effective. Such election shall be irrevocable as of December 31 and shall be effective on the immediately following January 1. Such election shall apply to all Salary Compensation paid (or with respect to commissions, earned) in the calendar year for which the election is effective. Notwithstanding the foregoing, a Participant's Salary Deferral Election made for the 2011 calendar year shall be irrevocable as of December 31, 2010 but shall apply only to salary paid on or after February 1, 2011. A Participant's Salary Deferral Election shall not carry over from year to year; each Eligible Employee that desires to make Salary Deferrals for a future calendar year must complete a Salary Deferral Election form for such year.

(ii) In order for a Bonus Deferral Election to be effective, an Annual Enrollment Form containing a Bonus Deferral Election must be completed, signed, and delivered to the Company prior to the first day of the calendar year in which the Participant provides the services to which such Bonus Compensation relates as determined in accordance with Section 409A or such later time as permitted under Section 409A with respect to any "performance-based compensation" as defined therein. Such election shall be irrevocable as of the last day on which an election may be made. A Participant's Bonus Deferral Election shall not carry over from year to year; each Eligible Employee that desires to make Bonus Deferrals for a future calendar year must complete a Bonus Deferral Election form for such year.

5. DEFERRAL ACCOUNTS.

(a) Any compensation deferred pursuant to Section 5 of this Plan shall be credited to the Deferral Account maintained in the name of the Participant. Deferral Accounts shall be bookkeeping accounts maintained on the Company's or subsidiary's records, as applicable. A Deferral Account shall be credited (i) with respect to deferrals of Salary Compensation, on the same day of each month on which cash compensation would otherwise have been paid to a Participant, with a dollar amount equal to the total amount by which the Participant's cash compensation for such month was reduced in accordance with the Participant's Salary Deferral Election, and (ii) with respect to deferrals of Bonus Compensation, on the date such bonus compensation would otherwise have been paid to the Participant in accordance with the Company's normal practices.

(b) The credit balance of the Deferral Account for each Participant shall be deemed to have been invested and reinvested from time to time in such Investments as shall be designated by the Participant in accordance with the following:

(i) Upon commencement of participation in the Plan, each Participant shall make a designation of the Investments which the Participant desires to have deemed to be purchased with the amounts credited to the Participant's Deferral Account in accordance with Section 5(a) hereof. All such deemed purchases of Investments with respect to such amounts shall be deemed to have occurred on the day on which the deferrals are credited to the Participant's Deferral Account, unless such day is not a Business Day, in which event the deemed purchase shall be deemed to have occurred on the first Business Day following such day.

(ii) Each Participant shall have the right, by giving notice to the Plan Administrator to (A) change the existing Investments in which the Participant's Deferral Account is deemed to be invested by deeming a portion of the existing Investments in the Participant's Account to have been sold and the new Investments purchased; and (B) change the Investments which are deemed to be purchased with future credits to the Participant's Deferral Account pursuant to Sections 5(b)(i). Such changes shall be made in such specific manner as shall be specified from time to time by the Plan Administrator. Any such change shall be effective as of the day given so long as such day is a Business Day and the notice of such change is given by 4:00 P.M. Eastern Standard Time on such day. Otherwise, such change shall be effective on the Business Day immediately following the date of such notice.

(iii) In the case of any deemed purchase, the Deferral Account shall be debited with a dollar amount equal to the quantity and kind of the Investment deemed to have been purchased multiplied by the Fair Market Value of such Investment on the date of reference and shall be credited with the quantity and kind of Investment so deemed to have been purchased. In the case of any deemed sale of an Investment, the Deferral Account shall be debited with the quantity and kind of Investment deemed to have been sold, and shall be credited with a dollar amount equal to the quantity and kind of Investment deemed to have been sold multiplied by the Fair Market Value of such Investment on the data of reference.

(iv) In no event shall the Company or any subsidiary be under any obligation, as a result of any designation of Investments made by Participants, to acquire assets (or to cause the Trust to acquire assets) which correspond with any such Investments.

(c) The Company shall, within the 45-day period following the close of each quarter during each calendar year (March 31, June 30, September 30 and December 31), furnish each Participant with a statement of the balance of the Participant's Deferral Account and all Sub Accounts, showing all debits and credits thereto in accordance with the terms of this Plan.

(d) A Participant's Deferral Account shall be divided into separate Retirement and Specified Date Accounts which shall be Sub Accounts determined in accordance with this Section 5(d) as follows:

(i) A Participant's Retirement Account shall initially be credited with the portion of the Salary Compensation and the Bonus Compensation credited to a Participant's Deferral Account pursuant to Section 5(a) hereof which is specified by the

Participant on his Annual Enrollment Form for such calendar year to be credited to the Participant's Retirement Account. A Participant shall have only 1 Retirement Account.

(ii) A Participant's Specified Date Account for any specified year shall initially be credited with the portion of the Salary Compensation and the Bonus Compensation credited to a Participant's Specified Date Account pursuant to Section 5(a) hereof which is specified by the Participant to be credited to the Participant's Specified Date Account for such specified year on his Annual Enrollment Form for such calendar year. The Specified Date Accounts must provide for payment to be deferred to a calendar year that is at least two full calendar years following the date of the Participant's election. If a Participant designates a Specified Date Account pursuant to any Annual Enrollment Form which is not permitted by the immediately preceding sentence, such designation of Specified Date Account shall be deemed null and void and all amounts otherwise designated by the Participant to be credited to such Specified Date Account shall instead be credited to the Participant's Retirement Account.

(iii) A Participant may make separate deemed Investment designations with respect to each Sub Account of the Participant's Deferral Account by specifying, in writing and on such forms as the Plan Administrator shall designate for such purpose, the percentage of the credit balance of each such Sub Account that is to be deemed to be invested in a particular Investment.

(e) A Participant's Deferral Account (and Sub Accounts thereof) shall be debited in an amount equal to the amount of cash distributed to the Participant or the Participant's Beneficiary pursuant to Section 7 hereof.

(f) In determining the amounts of all debits and credits to Deferral Accounts and Sub Accounts, the Plan Administrator shall exercise its reasonable best judgment, and all such determinations (in the absence of bad faith) shall be binding upon all Participants and their Beneficiaries. If an error is discovered in the Deferral Account or any Sub Account of a Participant, the Plan Administrator, in its sole and absolute discretion, shall cause appropriate, equitable adjustments to be made as soon as administratively practicable following the discovery of such error or omission.

6. THE TRUST.

(a) The Company may enter into a Trust Agreement creating the Trust for the purposes specified therein and herein. Any such Trust is intended to be a "grantor trust" with the result that the corpus and income of the trust be treated as assets and income of the Company for federal income tax purposes pursuant to Subpart E, Part I, Subchapter J, Chapter 1, Subtitle A of the Code. All amounts contributed to the Trust shall remain the assets of the Company or subsidiary, as the case may be, subject to the terms and conditions of the Trust Agreement.

(b) The Company or the subsidiary, as applicable, may contribute to the Trust such funds from time to time as it determines to satisfy the Company's or subsidiary's obligation, in whole or part, to pay amounts due hereunder; provided that no such contributions shall be made if such contributions would cause tax to become payable under Section 409A(b).

(c) The Company or the subsidiary, as the case may be, shall remain primarily liable to make payments to Participants and their Beneficiaries pursuant to this Plan and the Company's or subsidiary's contribution of amounts to the Trust shall not satisfy the Company's or subsidiary's obligation to make payments to Participants and/or Beneficiaries pursuant to this Plan. Distributions from the Trust to Participants or Beneficiaries will, however, be applied in satisfaction of such obligation of the Company or subsidiary to make payments pursuant to Section 7 hereof.

7. DISTRIBUTIONS.

(a) Specified Date Accounts.

(i) Specified Date. Except as otherwise provided in this Section 7 (a), a Participant shall be paid an amount equal to the credit balance of the Participant's Specified Date Account by January 31st of the year specified for such Specified Date Account.

(ii) Separation from Service. If a Participant's Separation from Service occurs prior to payment of a Specified Date Account pursuant to Section 7(a)(i), the Participant shall be paid an amount equal to the credit balance of such Specified Date Account within thirty-one (31) days of the Participant's Separation from Service; provided that if the Participant is a Specified Employee on the date of Separation from Service, the payment shall be made within thirty-one (31) days following the first day of the seventh (7th) month after the month in which occurs the Participant's Separation from Service (or within thirty-one (31) days following the Participant's death if the Participant dies during such six-month period).

(iii) Change of Control. If there is a Change of Control applicable to a Participant prior to the payment of a Specified Date Account pursuant to Section 7(a)(i) or 7(a)(ii) hereof, a Participant shall be paid an amount equal to the credit balance of such Specified Date Account within thirty-one (31) days following such Change of Control.

(b) Retirement Account.

(i) Separation from Service After Permitted Retirement Date or Due to Death. Except as otherwise provided in this Section 7(b), if a Participant's Separation from Service occurs after the Participant's Permitted Retirement Date, or prior to the Participant's Permitted Retirement Date due to the Participant's death, then the Participant (or Beneficiary in the event of the Participant's death) shall be paid an amount equal to the credit balance of the Participant's Retirement Account pursuant to the distribution option set forth below that was specifically selected by the Participant pursuant to the Participant's initial Annual Enrollment Form:

(A) Installment Distribution Option. If the Participant selects the "Installment Distribution Option," the Participant (or Beneficiary in the event of the Participant's death) shall receive annual payments commencing on any day which is no more than thirty-one (31) days following the Participant's Separation from Service and continuing annually thereafter (beginning with the calendar year following the calendar year in which the first payment is made) on or before January 31st of each year for two (2) to fifteen (15) years (as selected by the Participant in the Participant's initial

Annual Enrollment Form); provided that if the Participant is a Specified Employee on the date of Separation from Service, any payment(s) that would have otherwise been made during the first six months following the Participant's Separation from Service shall be made within thirty-one (31) days following the first day of the seventh (7th) month after the month in which occurs the Participant's Separation from Service (or within thirty-one (31) days following the Participant's death if the Participant dies during such six-month period). The amount of each annual payment shall be determined by dividing (I) the balance in the Participant's Retirement Account, by (II) the number of payments that remain to be made to the Participant based upon the payout period selected. For example, if a Participant has selected a 10-year payout period and the first annual payment is to be made on January 31, 2015, the amount of the payment to be made on that date would be the quotient obtained by dividing (w) the balance of the Deferral Account immediately prior to such payment date, by (x) 10; the amount of the payment for January 31, 2016, would be the quotient obtained by dividing (y) the balance of the Retirement Account immediately prior to such payment date in December, Year 1, by (z) 9; and so forth.

(B) Lump Sum Distribution Option. If the Participant selects the "Lump Sum Distribution Option", the Participant (or Beneficiary in the event of the Participant's death) shall be paid within thirty-one (31) days after the Participant's Separation from Service an amount equal to the credit balance of the Participant's Retirement Account; provided that if the Participant is a Specified Employee on the date of Separation from Service, the payment shall be made within thirty-one (31) days following the first day of the seventh (7th) month after the month in which occurs the Participant's Separation from Service (or within thirty-one (31) days following the Participant's death if the Participant dies during such six-month period).

(C) Change in Distribution Options. A Participant shall be entitled to change payout options of the Participant's Retirement Account between those in Sections 7(b)(ii)(A) or (B) above by written notice to the Company. Such notice must be delivered no less than twelve (12) months prior to the Termination Date and must provide that payments commence at least five (5) years after the date payments otherwise would have commenced. Any notice of change that does not comply with these terms shall be of no force and effect.

(ii) Separation from Service Prior to Permitted Retirement Date Other than Due to Death. Except as otherwise provided in this Section 7(b), if a Participant's Separation from Service occurs prior the Participant's Permitted Retirement Date for any reason other than the Participant's death, then the Participant shall be paid, within thirty-one (31) days after the Participant's Separation from Service, an amount equal to the credit balance of the Participant's Retirement Account; provided that if the Participant is a Specified Employee on the date of Separation from Service, then the payment shall be made within thirty-one (31) days following the first day of the seventh (7th) month after the month in which occurs the Participant's Separation from Service (or within thirty-one (31) days following the Participant's death if the Participant dies during such six-month period).

(iii) Change of Control. If there is a Change of Control prior to payment with respect to a Participant's Retirement Account pursuant to Section 7(b)(i) or 7 (b)(ii) hereof, the Participant shall be paid an amount equal to the credit balance of the Participant's Retirement Account within thirty-one (31) days following such Change of Control.

(c) Unforeseeable Emergency Distributions. If a Participant experiences an Unforeseeable Emergency, upon application by the Participant, payments of the then credit balance in the Participant's Deferral Account may be made to the Participant in an amount which the Plan Administrator determines to be reasonably necessary to meet the financial hardship associated with such Unforeseeable Emergency. The Plan Administrator shall have exclusive authority to determine the circumstances which will constitute an Unforeseeable Emergency. Notwithstanding the foregoing in no event shall any distributions be made pursuant to this Section 7(c) to the extent that the Plan Administrator determines that the financial hardship related to the Unforeseeable Emergency is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (iii) cessation of deferrals under the Plan. The provisions of this Section 7(c) are intended to comply with the requirements of Section 409A and Treasury Regulation 1.409A-3(i)(3) and shall be interpreted and applied in a manner consistent therewith. All distributions pursuant to this Section 7(c) shall be debited from each of the Participant's Sub Accounts in proportion to the respective credit balance of each Sub Account.

(d) Income Taxes Due Under Section 409A. If a Participant is required to include in gross income for federal income tax purposes any amounts deferred under the Plan prior to actual distribution of such amounts as a result of the Plan's failure to comply with Section 409A with respect to such Participant, then the Company may authorize a payment from the Participant's Deferral Account equal to the amount required to be included in income for federal income tax purposes as a result of such failure.

(e) Withholding and Other Taxes. Any payments pursuant to this Section 7 shall be subject to withholding of federal, state and local income taxes and any other applicable withholding or employment taxes. If prior to the date of distribution of any amount hereunder, the Federal Insurance Contributions Act ("FICA") tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2), where applicable, becomes due with respect to a Participant's Sub Account(s), then the Company may authorize a payment from the applicable Sub Account(s) equal to the amount needed to pay Participant's portion of such tax, as well as withholding taxes resulting therefrom (including the additional taxes attributable to the pyramiding of such distributions and taxes).

8. BENEFICIARIES.

Each Participant shall have the right to designate a beneficiary (a "Beneficiary") who is to succeed to the Participant's right to receive payments hereunder in the event of the Participant's death. If either (a) a Participant dies without designating a Beneficiary, (ii) the Beneficiary designated by a Participant is not surviving when a payment is to be made to such person under the Plan, and no contingent Beneficiary has been designated by the Participant, or (iii) the Beneficiary designated by a Participant cannot be located by the Plan Administrator within 1 year from the date benefits are to be paid to such

person; then, in any of such events, the Beneficiary of such Participant with respect to any benefits that remain payable under the Plan shall be the estate of the Participant. No designation of Beneficiary shall be valid unless it is in writing, signed by the Participant, dated, and delivered to the Company prior to the date of the Participant's death. Beneficiaries may be changed by a Participant without the consent of any prior Beneficiaries.

9. RIGHTS UNSECURED; UNFUNDED PLAN; ERISA.

This Plan and the Company's or subsidiary's obligations arising hereunder to pay benefits to a Participant or his beneficiary constitutes a mere promise by the Company or subsidiary, as applicable, to make payments in the future in accordance with the terms of this Plan and all Participants and their respective beneficiaries have the status of a general unsecured creditor of the Company or subsidiary, as applicable. The Company and each subsidiary shall be liable to make the payments of the deferred compensation (as adjusted for earnings or losses thereon) that would otherwise have been paid by it absent a deferral election, and the Company shall not be liable for any payments owed by any subsidiary and each subsidiary shall not be liable for any payments owed by the Company or any other subsidiary. Neither a Participant nor his beneficiary shall have any rights in or against any specific assets of the Company or any subsidiary, including, without limitation, the assets of the Trust or any assets of the Company or subsidiary which correspond with the Investments in which Participants can deem their Deferral Accounts to be invested.

It is the intention of the Company that this Plan and the Company's or any subsidiary's obligations hereunder be unfunded for income tax purposes and for purposes of Title I of ERISA.

The Company shall treat this Plan as an unfunded plan maintained for a select group of management associates exempt from Parts 2, 3 and 4 of Title I of ERISA. The Company shall comply with the reporting and disclosure requirements of Part 1 of Title I of ERISA in accordance with U.S. Department of Labor Regulation §2520.104-23.

10. NAMED FIDUCIARY AND CLAIMS PROCEDURES.

(a) The Plan Administrator is hereby designated as the named fiduciary under the Plan and shall have the authority to control and manage the operation and administration of this Plan, and shall be responsible for establishing and carrying out the terms of this Plan.

(i) If a Participant or Beneficiary believes he or she is entitled to a bigger payment than he or she received, or believes he or she is entitled to a payment that was not made, then within ninety (90) days of the date such individual received or should have received the payment, the individual must file a written claim for benefits with the Plan Administrator.

(ii) If for any reason a claim for benefits under this Plan is denied by the Plan Administrator, the Plan Administrator shall deliver to the claimant a written explanation setting forth the specific reasons for the denial, pertinent references to the Section(s) of this Plan and any other applicable document on which the denial is based, such other data as may be pertinent and information on the procedures to be followed by the claimant in obtaining a review of his claim, all written in a manner calculated to be understood by the claimant. For this purpose:

(A) The claimant's claim shall be deemed filed when presented in writing to the Plan Administrator.

(B) The Plan Administrator's explanation shall be in writing delivered to the claimant within 90 days of the date the claim is filed.

(iii) The claimant shall have 60 days following his receipt of the denial of the claim to file with the Plan Administrator a written request for review of the denial; provided, however, that to avoid penalties under Section 409A, the claimant's request for review must be filed no later than 180 days after the latest day the payment that is in dispute should have been paid. For such review, the claimant or his representative may submit pertinent documents and written issues and comments.

(iv) The Plan Administrator shall decide the issue on review and furnish the claimant with a copy within 60 days of receipt of the claimant's request for review of his claim. The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions on which the decision is based. If a copy of the decision is not so furnished to the claimant within such 60 days, the claim shall be deemed denied on review.

11. NONASSIGNABILITY.

The rights of a Participant or his Beneficiaries to payments pursuant to this Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Participant or his Beneficiaries.

12. AMENDMENT OF THE PLAN.

The Plan Administrator may amend this Plan at any time, without the consent of the Participants or their Beneficiaries, provided, however, that no amendment shall divest any Participant or Beneficiary of the credit balance of his Deferral Account except to the extent expressly provided otherwise in this Plan.

Subject to the above provisions, the Plan Administrator shall have broad authority to amend the Plan to take into account changes in applicable securities and tax laws and accounting rules, as well as other developments.

13. TERMINATION OF THIS PLAN.

The Plan Administrator may terminate this Plan at any time. Upon termination of this Plan, distribution of the credit balance of each Participant's Deferral Account shall be made in the manner and at the time heretofore prescribed, it being the intent that no such termination shall accelerate the payment of any amounts already credited to a Participant's Deferral Account.

14. EXPENSES.

Costs of administration of this Plan will be paid by the Company.

15. NO SPECIAL EMPLOYMENT RIGHTS.

Nothing contained in this Plan shall confer upon any Participant any right with respect to the continuation of his employment by the Company or any subsidiary or interfere in any way with the right of the Company or a subsidiary, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the Participant from the rate in existence from time to time.

16. NOTICES.

(a) In Writing; Address. All notices, demands, consents and other communications provided for in this Plan shall be in writing, shall be given by a method prescribed in Section 16(b) hereof, and shall be given to the party to whom it is addressed at the address set forth below or at such other address as such party hereto may hereafter specify by at least fifteen (15) days prior written notice:

If to the Company:	Fiserv, Inc. Vice President, Compensation & Benefits 255 Fiserv Drive Brookfield, WI 53045
If to a Participant:	To the address designated by Participant to the Company as most recently on file in the Company's personnel records.

(b) Method. Any notice, report or other communication shall be delivered by hand or nationally recognized overnight courier which maintains evidence of receipt, or mailed by United States certified mail, return receipt requested, postage prepaid, deposited in a United States post office or a depository for the receipt of mail regularly maintained by the Post Office. Any notices, demands, consents or other communication shall be deemed given when received at the address for which such party has given notice in accordance with the provisions hereof. Refusal to accept delivery at the address specified for the giving of such notice in accordance herewith shall constitute delivery.

17. MISCELLANEOUS.

(a) Headings. The headings of the sections of this Plan are inserted solely for convenience and are not to be given controlling effect, or used as an aid in the construction of any provision hereof.

(b) Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons may require.

(c) Section 409A Compliance. The provisions of this Plan, including all definitions, shall be interpreted in a manner consistent with Section 409A.

Adopted by the Company as of the 16th day of November, 2010.

FISERV, INC.

By: /s/ Jeffery W. Yabuki

Name: Jeffery W. Yabuki

Title: President & Chief Executive Officer

EXHIBIT 21.1

SUBSIDIARIES OF FISERV, INC.

Name under which Subsidiary does Business	State (Country) of Incorporation
BillMatrix Corporation	Delaware
Carreker Corporation	Delaware
CheckFree Corporation	Delaware
CheckFree Services Corporation	Delaware
CheckFree Solutions Limited	United Kingdom
CheckFreePay Corporation	Connecticut
Corillian Corporation	Oregon
Fiserv Automotive Solutions, Inc.	Delaware
Fiserv CIR, LLC	Delaware
Fiserv (Europe) Limited	United Kingdom
Fiserv Global Services, Inc.	Delaware
Fiserv Investment Solutions, Inc.	Delaware
Fiserv PAR, Inc.	Wisconsin
Fiserv Solutions, LLC	Wisconsin
Information Technology, Inc.	Nebraska
ITI of Nebraska, Inc.	Nebraska
Open Solutions, LLC	Delaware
XP Systems Corporation	Minnesota

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-04417, 333-28121, 333-34310, 333-145599, 333-143191, 333-163636 and 333-188795 on Form S-8 and Registration Statement No. 333-196419 on Form S-3 of our reports dated February 23, 2017, relating to the consolidated financial statements of Fiserv, Inc. and subsidiaries and the effectiveness of Fiserv, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Fiserv, Inc. for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
February 23, 2017

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffery W. Yabuki, certify that:

1. I have reviewed this Annual Report on Form 10-K of Fiserv, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2017

By: /s/ Jeffery W. Yabuki
Jeffery W. Yabuki
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Robert W. Hau, certify that:

1. I have reviewed this Annual Report on Form 10-K of Fiserv, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2017

By: /s/ Robert W. Hau
Robert W. Hau
Chief Financial Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Fiserv, Inc. (the "Company") for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jeffery W. Yabuki, as President and Chief Executive Officer of the Company, and Robert W. Hau, as Chief Financial Officer and Treasurer of the Company, each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Jeffery W. Yabuki
Jeffery W. Yabuki
President and Chief Executive Officer
February 23, 2017

By: /s/ Robert W. Hau
Robert W. Hau
Chief Financial Officer and Treasurer
February 23, 2017

August 1, 2017

Fiserv Reports Second Quarter 2017 Results

GAAP revenue growth of 2 percent and internal revenue growth of 3 percent;
GAAP EPS increase of 9 percent and adjusted EPS increase of 10 percent;
Operating cash flow up 1 percent and free cash flow increase of 26 percent year to date;
Full year 2017 outlook affirmed

BROOKFIELD, Wis.--(BUSINESS WIRE)-- Fiserv, Inc. (NASDAQ: FISV), a leading global provider of financial services technology solutions, today reported financial results for the second quarter of 2017.

Second Quarter 2017 GAAP Results

GAAP revenue for the company increased 2 percent in the second quarter compared to the prior year period to $1.39 billion, with 2 percent growth in both the Payments and Financial segments. For the first six months of 2017, GAAP revenue increased 3 percent versus the same period last year to $2.78 billion, with 4 percent growth in the Payments segment and 3 percent growth in the Financial segment. GAAP revenue in the second quarter of 2017 reflects the divestiture of the company's Australian item processing business which closed in May.

GAAP earnings per share increased 9 percent to $1.02 in the second quarter and decreased 3 percent to $2.15 in the first six months of 2017, compared to the prior year periods. GAAP earnings per share included net investment gains of $0.08 per share and $0.39 per share in the first six months of 2017 and 2016, respectively, driven by the disposition of a business and a business interest at StoneRiver Group, L.P. ("StoneRiver"), a joint venture in which the company owns a 49% interest. GAAP earnings per share in the first six months of 2017 included a benefit related to the adoption of the new accounting standard for excess tax benefits from share-based compensation awards.

GAAP operating margin was 26.8 percent in the second quarter and 26.5 percent in the first six months of 2017, increasing 20 basis points and 50 basis points, respectively, compared to the prior year periods.

Net cash provided by operating activities was $691 million in the first six months of 2017 compared with $687 million in the prior year period. Net cash provided by operating activities included cash distributions from StoneRiver of $31 million and $140 million in the first six months of 2017 and 2016, respectively.

"We delivered solid financial results in the quarter consistent with our expectations," said Jeffery Yabuki, President and Chief Executive Officer of Fiserv. "Our focus on client success continues to drive market momentum."

Second Quarter 2017 Non-GAAP Results and Additional Information

- Adjusted revenue increased 2 percent in the second quarter to $1.32 billion and 4 percent in the first six months of 2017 to $2.64 billion, compared to the prior year periods.
- Internal revenue growth for the company was 3 percent in the second quarter, with 3 percent growth in both the Payments segment and Financial segment.
- Internal revenue growth for the company was 4 percent in the first six months of 2017, with 4 percent growth in the Payments segment and 3 percent growth in the Financial segment.
- Adjusted earnings per share increased 10 percent in the second quarter to $1.19 and increased 14 percent in the first six months of 2017 to $2.43 compared to the prior year periods.
- Adjusted operating margin increased 10 basis points to 32.0 percent in the second quarter and expanded 40 basis points to 32.3 percent in the first six months of 2017 compared to the prior year periods.
- Free cash flow increased 26 percent to $555 million in the first six months of 2017 compared to the prior year period. A cash distribution from StoneRiver of $31 million related to the sale of a business has been excluded from the company's free cash flow results for the first six months of 2017.

- The company repurchased 2.5 million shares of common stock for $295 million in the second quarter and 5.9 million shares of common stock for $684 million in the first six months of 2017. As of June 30, 2017, the company had 14.6 million remaining shares authorized for repurchase.
- In June 2017, the company made a recommended cash offer to acquire Monitise plc for approximately £70 million ($89 million). The transaction is subject to certain conditions including Monitise shareholder approval (full details of the offer can be found on our website, Fiserv.com).

Outlook for 2017

Fiserv continues to expect 2017 internal revenue growth in a range of 4 to 5 percent and adjusted earnings per share in a range of $5.03 to $5.17, which represents growth of 14 to 17 percent over $4.43 in 2016.

"We remain on-track to achieve our full-year financial objectives which anticipate stronger results in the second half of the year," said Yabuki.

Earnings Conference Call

The company will discuss its second quarter 2017 results on a conference call and webcast at 4 p.m. CT on Tuesday, August 1, 2017. To register for the event, go to Fiserv.com and click on the Q2 Earnings webcast link. Supplemental materials will be available in the "Investor Relations" section of the website.

About Fiserv

Fiserv, Inc. (NASDAQ: FISV) enables clients worldwide to create and deliver financial services experiences that are in step with the way people live and work today. For more than 30 years, Fiserv has been a trusted leader in financial services technology, helping clients achieve best-in-class results by driving quality and innovation in payments, processing services, risk and compliance, customer and channel management, and insights and optimization. Fiserv is a member of the FORTUNE® 500 and has been named among the FORTUNE World's Most Admired Companies® for four consecutive years, ranking first in its category for innovation in 2016 and 2017. For more information, visit Fiserv.com.

Use of Non-GAAP Financial Measures

In this earnings release, the company supplements its reporting of information determined in accordance with GAAP, such as revenue, operating income, operating margin, net income, earnings per share and net cash provided by operating activities, with "adjusted revenue," "internal revenue growth," "adjusted operating income," "adjusted operating margin," "adjusted net income," "adjusted earnings per share" and "free cash flow." Management believes that adjustments for certain non-cash or other items and the exclusion of certain pass-through revenue and expenses enhance shareholders' ability to evaluate the company's performance as such measures provide additional insights into the factors and trends affecting its business. Therefore, the company excludes these items from GAAP revenue, operating income, operating margin, net income, earnings per share and net cash provided by operating activities to calculate these non-GAAP measures. The corresponding reconciliations of these non-GAAP financial measures to the most comparable GAAP measures are included in this earnings release, except for forward-looking measures where a reconciliation to the corresponding GAAP measures is not available due to the variability, complexity and low visibility of the non-cash and other items described below that are excluded from the non-GAAP outlook measures. See page 12 for additional information regarding the company's forward-looking non-GAAP financial measures.

Examples of non-cash or other items may include, but are not limited to, non-cash deferred revenue adjustments arising from acquisitions, non-cash intangible asset amortization expense associated with acquisitions, non-cash impairment charges, gains or losses from dispositions and unconsolidated affiliates, severance costs, merger and integration costs related to acquisitions, and certain costs associated with the achievement of the company's operational effectiveness objectives. The company excludes these items to more clearly focus on the factors management believes are pertinent to its operations, and management uses this information to make operating decisions, including the allocation of resources to the company's various businesses.

Internal revenue growth and free cash flow are non-GAAP financial measures and are described on page 11. Management believes internal revenue growth is useful because it presents revenue growth excluding the effects of acquisitions and dispositions and the impact of postage reimbursements in the company's Output Solutions business, and including deferred revenue purchase accounting adjustments. Management believes free cash flow is useful to measure the funds generated in a given period that are available for debt service requirements and strategic capital decisions. Management believes this supplemental information enhances shareholders' ability to evaluate and understand the company's core business performance.

These non-GAAP measures may not be comparable to similarly titled measures reported by other companies and should be considered in addition to, and not as a substitute for, revenue, operating income, operating margin, net income, earnings per share and net cash provided by operating activities or any other amount determined in accordance with GAAP.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated internal revenue growth, adjusted earnings per share and adjusted earnings per share growth. Statements can generally be identified as forward-looking because they include words such as "believes," "anticipates," "expects," "could," "should" or words of similar meaning. Statements that describe the company's future plans, objectives or goals are also forward-looking statements. Forward-looking statements are subject to assumptions, risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking statements. The factors that may affect the company's results include, among others: pricing and other actions by competitors; the capacity of the company's technology to keep pace with a rapidly evolving marketplace; the impact of market and economic conditions on the financial services industry; the impact of a security breach or operational failure on the company's business; the effect of legislative and regulatory actions in the United States and internationally; the company's ability to comply with government regulations; the company's ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same, including with respect to the acquisition of Monitise plc; the impact of the company's strategic initiatives; and other factors included in the company's filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2016 and in other documents that the company files with the SEC. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements. The company assumes no obligation to update any forward-looking statements, which speak only as of the date of this press release.

Fiserv, Inc.
Condensed Consolidated Statements of Income
(In millions, except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	**2017**	2016
Revenue				
Processing and services	**$ 1,186**	$ 1,159	**$2,364**	$2,281
Product	**200**	204	**416**	413
Total revenue	**1,386**	1,363	**2,780**	2,694
Expenses				
Cost of processing and services	**573**	547	**1,143**	1,100
Cost of product	**175**	180	**357**	361
Selling, general and administrative	**276**	274	**553**	532
Gain on sale of business	**(10)**	—	**(10)**	—
Total expenses	**1,014**	1,001	**2,043**	1,993
Operating income	**372**	362	**737**	701
Interest expense	**(44)**	(40)	**(86)**	(80)
Interest and investment income (loss) - net	**2**	—	**2**	(7)
Income before income taxes and income from investment in unconsolidated affiliate	**330**	322	**653**	614
Income tax provision	**(109)**	(110)	**(211)**	(259)
Income from investment in unconsolidated affiliate	**—**	—	**26**	146
Net income	**$ 221**	$ 212	**$ 468**	$ 501
GAAP earnings per share - diluted	**$ 1.02**	$ 0.94	**$ 2.15**	$ 2.21
Diluted shares used in computing earnings per share	**216.3**	225.6	**217.8**	226.5

Earnings per share is calculated using actual, unrounded amounts.

Fiserv, Inc.
Reconciliation of GAAP to
Adjusted Net Income and Adjusted Earnings Per Share
(In millions, except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	**2017**	2016
GAAP net income	**$ 221**	$ 212	**$ 468**	$ 501
Adjustments:				
Merger, integration and other costs [1]	**15**	7	**29**	23
Severance costs	**7**	4	**19**	8
Amortization of acquisition-related intangible assets	**40**	40	**78**	80
Tax impact of adjustments [2]	**(21)**	(18)	**(42)**	(39)
StoneRiver and other investment activity [3]	**—**	—	**(26)**	(139)
Tax impact of StoneRiver and other investment activity [2]	**—**	—	**9**	52
Gain on sale of business [4]	**(10)**	—	**(10)**	—
Tax impact of gain on sale of business [2]	**5**	—	**5**	—
Adjusted net income	**$ 257**	$ 245	**$ 530**	$ 486
GAAP earnings per share	**$ 1.02**	$ 0.94	**$ 2.15**	$ 2.21
Adjustments - net of income taxes:				
Merger, integration and other costs [1]	**0.04**	0.02	**0.08**	0.06
Severance costs	**0.02**	0.01	**0.06**	0.02
Amortization of acquisition-related intangible assets	**0.12**	0.11	**0.24**	0.23
StoneRiver and other investment activity [3]	**—**	—	**(0.08)**	(0.39)
Gain on sale of business [4]	**(0.02)**	—	**(0.02)**	—
Adjusted earnings per share	**$ 1.19**	$ 1.08	**$ 2.43**	$ 2.14

[1] Merger, integration and other costs include acquisition and related integration costs of $13 million in 2017 and $16 million in 2016, and certain costs associated with the achievement of the company's operational effectiveness objectives of $16 million in 2017 and $7 million in 2016, including expenses related to data center consolidation activities.

[2] The tax impact of adjustments is calculated using tax rates of 33 percent and 35 percent in 2017 and 2016, respectively, which approximates the company's annual effective tax rate for the respective years, exclusive of the actual tax impacts associated with StoneRiver transactions and the gain on sale of business.

[3] Represents the company's share of net gains on the disposition of a business and a business interest at StoneRiver, as well as a non-cash write-off of a $7 million investment in 2016.

[4] Represents the gain on the sale of the company's Australian item processing business.

See page 3 for disclosures related to the use of non-GAAP financial measures.
Earnings per share is calculated using actual, unrounded amounts.

Fiserv, Inc.
Financial Results by Segment
(In millions, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	**2017**	2016
Total Company				
Revenue	**$ 1,386**	$ 1,363	**$2,780**	$2,694
Output Solutions postage reimbursements	**(64)**	(71)	**(139)**	(149)
Deferred revenue purchase accounting adjustments	**1**	2	**2**	2
Adjusted revenue	**$ 1,323**	$ 1,294	**$2,643**	$2,547
Operating income	**$ 372**	$ 362	**$ 737**	$ 701
Merger, integration and other costs	**15**	7	**29**	23
Severance costs	**7**	4	**19**	8
Amortization of acquisition-related intangible assets	**40**	40	**78**	80
Gain on sale of business	**(10)**	—	**(10)**	—
Adjusted operating income	**$ 424**	$ 413	**$ 853**	$ 812
Operating margin	**26.8%**	26.6%	**26.5%**	26.0%
Adjusted operating margin	**32.0%**	31.9%	**32.3%**	31.9%
Payments and Industry Products ("Payments")				
Revenue	**$ 779**	$ 763	**$1,573**	$1,512
Output Solutions postage reimbursements	**(64)**	(71)	**(139)**	(149)
Deferred revenue purchase accounting adjustments	**1**	1	**2**	1
Adjusted revenue	**$ 716**	$ 693	**$1,436**	$1,364
Operating income	**$ 238**	$ 237	**$ 497**	$ 462
Merger, integration and other costs	**1**	1	**2**	1
Adjusted operating income	**$ 239**	$ 238	**$ 499**	$ 463
Operating margin	**30.5%**	31.1%	**31.6%**	30.5%
Adjusted operating margin	**33.3%**	34.3%	**34.7%**	33.9%
Financial Institution Services ("Financial")				
Revenue	**$ 623**	$ 612	**$1,243**	$1,211
Deferred revenue purchase accounting adjustments	**—**	1	**—**	1
Adjusted revenue	**$ 623**	$ 613	**$1,243**	$1,212
Operating income	**$ 214**	$ 202	**$ 410**	$ 397
Operating margin	**34.3%**	33.0%	**33.0%**	32.8%
Adjusted operating margin	**34.3%**	33.0%	**33.0%**	32.8%
Corporate and Other				
Revenue	**$ (16)**	$ (12)	**$ (36)**	$ (29)
Operating loss	**$ (80)**	$ (77)	**$ (170)**	$ (158)
Merger, integration and other costs	**14**	6	**27**	22
Severance costs	**7**	4	**19**	8
Amortization of acquisition-related intangible assets	**40**	40	**78**	80
Gain on sale of business	**(10)**	—	**(10)**	—
Adjusted operating loss	**$ (29)**	$ (27)	**$ (56)**	$ (48)

See page 3 for disclosures related to the use of non-GAAP financial measures.
Operating margin percentages are calculated using actual, unrounded amounts.

Fiserv, Inc.
Condensed Consolidated Statements of Cash Flows

(In millions, unaudited)

	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income	**$ 468**	$ 501
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and other amortization	**137**	122
Amortization of acquisition-related intangible assets	**78**	80
Share-based compensation	**33**	39
Excess tax benefits from share-based awards	**—**	(37)
Deferred income taxes	**—**	5
Income from investment in unconsolidated affiliate	**(26)**	(146)
Dividends from unconsolidated affiliate	**31**	140
Non-cash impairment charges	**10**	17
Gain on sale of business	**(10)**	—
Other operating activities	**(1)**	(2)
Changes in assets and liabilities, net of effects from acquisitions:		
Trade accounts receivable	**59**	3
Prepaid expenses and other assets	**(21)**	(38)
Accounts payable and other liabilities	**(47)**	37
Deferred revenue	**(20)**	(34)
Net cash provided by operating activities	**691**	687
Cash flows from investing activities		
Capital expenditures, including capitalization of software costs	**(136)**	(145)
Payments for acquisitions of businesses, net of cash acquired	**(78)**	(265)
Proceeds from sale of business	**19**	—
Other investing activities	**1**	2
Net cash used in investing activities	**(194)**	(408)
Cash flows from financing activities		
Debt proceeds	**1,173**	1,249
Debt repayments	**(1,005)**	(991)
Proceeds from issuance of treasury stock	**47**	47
Purchases of treasury stock, including employee shares withheld for tax obligations	**(713)**	(633)
Excess tax benefits from share-based awards	**—**	37
Net cash used in financing activities	**(498)**	(291)
Net change in cash and cash equivalents	**(1)**	(12)
Cash and cash equivalents, beginning balance	**300**	275
Cash and cash equivalents, ending balance	**$ 299**	$ 263

Fiserv, Inc.
Condensed Consolidated Balance Sheets
(In millions, unaudited)

	June 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	**$ 299**	$ 300
Trade accounts receivable - net	**845**	902
Prepaid expenses and other current assets	**488**	526
Total current assets	**1,632**	1,728
Property and equipment - net	**396**	405
Intangible assets - net	**1,807**	1,833

Goodwill	**5,435**	5,373
Other long-term assets	**415**	404
Total assets	**$ 9,685**	$ 9,743
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	**$ 1,148**	$ 1,242
Current maturities of long-term debt	**95**	95
Deferred revenue	**464**	483
Total current liabilities	**1,707**	1,820
Long-term debt	**4,646**	4,467
Deferred income taxes	**773**	762
Other long-term liabilities	**168**	153
Total liabilities	**7,294**	7,202
Shareholders' equity	**2,391**	2,541
Total liabilities and shareholders' equity	**$ 9,685**	$ 9,743

Fiserv, Inc.
Selected Non-GAAP Financial Measures
($ in millions, unaudited)

Internal Revenue Growth [1]	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Payments Segment	3%	4%
Financial Segment	3%	3%
Total Company	3%	4%

[1] Internal revenue growth is measured as the increase in adjusted revenue (see page 8) for the current period excluding acquired revenue and revenue attributable to dispositions, divided by adjusted revenue from the prior year period excluding revenue attributable to dispositions. In the second quarter of 2017, acquired revenue was $2 million (all in the Financial segment), and revenue in the comparable prior year period attributable to dispositions was $8 million (all in the Financial segment). During the first six months of 2017, acquired revenue was $18 million ($14 million in the Payments segment and $4 million in the Financial segment), and revenue in the comparable prior year period attributable to dispositions was $12 million (all in the Financial segment).

Free Cash Flow	Six Months Ended June 30,	
	2017	2016
Net cash provided by operating activities	$ 691	$ 687
Capital expenditures	(136)	(145)
Adjustments:		
Severance, merger and integration payments	42	20
StoneRiver cash distributions	(31)	(140)
Other	(3)	4
Tax payments on adjustments	(8)	16
Free cash flow	$ 555	$ 442

See page 3 for disclosures related to the use of non-GAAP financial measures.

Fiserv, Inc.
Forward-Looking Non-GAAP Financial Measures

Internal Revenue Growth - The company's internal revenue growth outlook for 2017 excludes the effects of acquisitions and dispositions and the impact of postage reimbursements in its Output Solutions business, and includes deferred revenue purchase accounting adjustments. These adjustments are subject to variability and are anticipated to impact 2017 revenue

growth by less than 1 percent.

Adjusted Earnings Per Share - The company's adjusted earnings per share outlook for 2017 excludes certain non-cash or other items to enhance shareholders' ability to evaluate the company's performance as such measures provide additional insights into the factors and trends affecting its business. Non-cash or other items may be significant and include, but are not limited to, non-cash deferred revenue adjustments arising from acquisitions, non-cash intangible asset amortization expense associated with acquisitions, non-cash impairment charges, gains or losses from dispositions and unconsolidated affiliates, severance costs, merger and integration costs related to acquisitions, and certain costs associated with the achievement of the company's operational effectiveness objectives. The company estimates that the annual amortization expense for 2017 with respect to acquired intangible assets recorded at June 30, 2017 will approximate $150 million. Other adjustments to earnings per share that have been incurred to date are presented on page 7. Estimates of these other adjustments on a forward-looking basis are not available due to the variability, complexity and low visibility of these items.

See page 3 for disclosures related to the use of non-GAAP financial measures.

FISV-E

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