# UNITED STATES SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2018**

**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number 1-38300**

# CANNAE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

| Delaware | 82-1273460 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |
| 1701 Village Center Circle, Las Vegas, Nevada | 89134 |
| (Address of principal executive offices) | (Zip Code) |

(702) 323-7330

(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 o

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 o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer," “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | | |
|---|---|---|---|---|
| Large accelerated filer o | Accelerated filer o | Non-accelerated filer ☑<br>(Do not check if a smaller reporting company) | Smaller reporting company o | Emerging growth company o |

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO ☑

As of April 30, 2018 there were 70,858,143 shares of the Registrant's common stock outstanding.

**FORM 10-Q**
**QUARTERLY REPORT**
**Quarter Ended March 31, 2018**
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## Part I: FINANCIAL INFORMATION

### Item 1. Condensed Consolidated and Combined Financial Statements

**CANNAE HOLDINGS, INC.**
**CONDENSED CONSOLIDATED AND COMBINED BALANCE SHEETS**
(In millions)
(Unaudited)

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 104.2 | $ 245.6 |
| Short-term investments | 21.1 | — |
| Trade receivables | 30.2 | 35.8 |
| Inventory | 38.6 | 29.7 |
| Equity securities, at fair value | — | 17.7 |
| Income taxes receivable | 0.2 | — |
| Prepaid expenses and other current assets | 23.2 | 21.4 |
| Total current assets | 217.5 | 350.2 |
| Investments in unconsolidated affiliates | 415.4 | 424.9 |
| Property and equipment, net | 209.8 | 218.8 |
| Other intangible assets, net | 209.1 | 214.5 |
| Goodwill | 202.0 | 202.7 |
| Fixed maturity securities available for sale, at fair value | 21.4 | 14.8 |
| Deferred tax asset | 14.1 | 10.6 |
| Other long term investments and non-current assets | 51.3 | 50.7 |
| Total assets | $ 1,340.6 | $ 1,487.2 |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and other accrued liabilities, current | $ 93.2 | $ 100.7 |
| Income taxes payable | — | 0.8 |
| Deferred revenue | 23.4 | 26.1 |
| Notes payable, current | 1.4 | 122.2 |
| Total current liabilities | 118.0 | 249.8 |
| Deferred revenue, long term | 1.9 | 9.1 |
| Notes payable, long term | 11.1 | 12.7 |
| Accounts payable and other accrued liabilities, long term | 61.0 | 62.5 |
| Total liabilities | 192.0 | 334.1 |
| Commitments and contingencies - see Note G | | |
| Equity: | | |
| Retained earnings | 2.8 | 0.2 |
| Additional paid-in capital | 1,131.9 | 1,130.2 |
| Accumulated other comprehensive loss | (75.6) | (71.0) |
| Total Cannae shareholders' equity | 1,059.1 | 1,059.4 |
| Noncontrolling interests | 89.5 | 93.7 |
| Total equity | 1,148.6 | 1,153.1 |
| Total liabilities and equity | $ 1,340.6 | $ 1,487.2 |

See Notes to Condensed Consolidated and Combined Financial Statements

# CANNAE HOLDINGS, INC.
## CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(In millions)
(Unaudited)

| | Three months ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Revenues: | | |
| Restaurant revenue | $ 273.8 | $ 272.7 |
| Other operating revenue | 20.1 | 2.6 |
| Total operating revenues | 293.9 | 275.3 |
| Operating expenses: | | |
| Cost of restaurant revenue | 240.8 | 236.1 |
| Personnel costs | 24.1 | 16.5 |
| Depreciation and amortization | 14.9 | 11.4 |
| Other operating expenses | 21.2 | 17.5 |
| Total operating expenses | 301.0 | 281.5 |
| Operating loss | (7.1) | (6.2) |
| Other income (expense): | | |
| Interest and investment income | 1.3 | 1.0 |
| Interest expense | (3.0) | (2.1) |
| Realized gains, net | — | 5.1 |
| Total other (expense) income | (1.7) | 4.0 |
| Loss from continuing operations before income taxes and equity in losses of unconsolidated affiliates | (8.8) | (2.2) |
| Income tax benefit | (4.0) | (1.8) |
| Loss from continuing operations before equity in losses of unconsolidated affiliates | (4.8) | (0.4) |
| Equity in losses of unconsolidated affiliates | (1.1) | (3.4) |
| Loss from continuing operations | (5.9) | (3.8) |
| Net earnings from discontinued operations, net of tax - see Note J | — | 2.3 |
| Net loss | (5.9) | (1.5) |
| Less: Net loss attributable to non-controlling interests | (4.2) | (2.0) |
| Net (loss) earnings attributable to Cannae Holdings, Inc. common shareholders | $ (1.7) | $ 0.5 |
| **Amounts attributable to Cannae Holdings, Inc. common shareholders** | | |
| Net loss from continuing operations attributable to Cannae Holdings, Inc. common shareholders | $ (1.7) | $ (1.8) |
| Net earnings from discontinued operations attributable to Cannae Holdings, Inc. common shareholders | — | 2.3 |
| Net (loss) earnings attributable to Cannae Holdings, Inc. common shareholders | $ (1.7) | $ 0.5 |
| **Earnings per share** | | |
| *Basic* | | |
| Net loss per share from continuing operations | $ (0.02) | $ (0.02) |
| Net earnings per share from discontinued operations | — | 0.03 |
| Net (loss) earnings per share | $ (0.02) | $ 0.01 |
| *Diluted* | | |
| Net loss per share from continuing operations | $ (0.02) | $ (0.02) |
| Net earnings per share from discontinued operations | — | 0.03 |
| Net (loss) earnings per share | $ (0.02) | $ 0.01 |
| Weighted average shares outstanding Cannae Holdings common stock, basic basis | 70.6 | 70.6 |
| Weighted average shares outstanding Cannae Holdings common stock, diluted basis | 70.6 | 70.6 |

See Notes to Condensed Consolidated and Combined Financial Statements

**CANNAE HOLDINGS, INC.**
**CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE LOSS**
(In millions)
(Unaudited)

| | Three months ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Net loss | $ (5.9) | $ (1.5) |
| Other comprehensive earnings (loss), net of tax: | | |
| Unrealized gain on investments and other financial instruments, net (excluding investments in unconsolidated affiliates) (1) | 2.1 | 0.5 |
| Unrealized (loss) gain relating to investments in unconsolidated affiliates (2) | (6.7) | 1.6 |
| Reclassification adjustments for change in unrealized gains and losses included in net earnings (3) | — | (3.1) |
| Other comprehensive loss | (4.6) | (1.0) |
| Comprehensive loss | (10.5) | (2.5) |
| Less: Comprehensive loss attributable to noncontrolling interests | (4.2) | (2.0) |
| Comprehensive loss attributable to Cannae Holdings, Inc. | $ (6.3) | $ (0.5) |

(1) Net of income tax expense of $0.8 million and $0.3 million for the three months ended March 31, 2018 and 2017, respectively.

(2) Net of income tax (benefit) expense of $(1.8) million and $1.0 million for the three months ended March 31, 2018 and 2017, respectively.

(3) Net of income tax expense of $1.9 million for the three months ended March 31, 2017.

See Notes to Condensed Consolidated and Combined Financial Statements

# CANNAE HOLDINGS, INC.
## CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY
(In millions)
(Unaudited)

| | Parent Investment in FNFV | Accumulated Other Comp (Loss) Earnings | Non-controlling Interests | Total Equity |
|---|---|---|---|---|
| Balance, December 31, 2016 | $ 961.6 | $ (68.1) | $ 116.3 | $ 1,009.8 |
| Other comprehensive earnings—unrealized gain on investments and other financial instruments, net of tax | — | 0.5 | — | 0.5 |
| Other comprehensive earnings—unrealized gain on investments in unconsolidated affiliates, net of tax | — | 1.6 | — | 1.6 |
| Reclassification adjustments for change in unrealized gains and losses included in net earnings, net of tax | — | (3.1) | — | (3.1) |
| Subsidiary stock-based compensation | — | — | 0.2 | 0.2 |
| Net change in Parent investment in FNFV | 0.8 | — | — | 0.8 |
| Subsidiary dividends paid to noncontrolling interests | — | — | (0.1) | (0.1) |
| Ceridian stock-based compensation | 1.5 | — | — | 1.5 |
| Net earnings (loss) | 0.5 | — | (2.0) | (1.5) |
| Balance, March 31, 2017 | $ 964.4 | $ (69.1) | $ 114.4 | $ 1,009.7 |

| | Common Stock | | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comp (Loss) Earnings | Non-controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|
| | Shares | $ | | | | | |
| Balance, December 31, 2017 | 70.9 | $ — | $ 1,130.2 | $ 0.2 | $ (71.0) | $ 93.7 | $ 1,153.1 |
| Adjustment for cumulative effect of adoption of ASC Topic 606 | — | — | — | 4.3 | — | — | 4.3 |
| Other comprehensive earnings — unrealized gain on investments and other financial instruments, net of tax | — | — | — | — | 2.1 | — | 2.1 |
| Other comprehensive earnings — unrealized loss on investments in unconsolidated affiliates, net of tax | — | — | — | — | (6.7) | — | (6.7) |
| Stock-based compensation | — | — | 0.4 | — | — | — | 0.4 |
| Contribution of CSA services from FNF | — | — | 0.3 | — | — | — | 0.3 |
| Ceridian stock-based compensation | — | — | 1.0 | — | — | — | 1.0 |
| Net loss | — | — | — | (1.7) | — | (4.2) | (5.9) |
| Balance, March 31, 2018 | 70.9 | $ — | $ 1,131.9 | $ 2.8 | $ (75.6) | $ 89.5 | $ 1,148.6 |

See Notes to Condensed Consolidated and Combined Financial Statements

# CANNAE HOLDINGS, INC.
## CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

| | Three months ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| Cash flows from operating activities: | | |
| Net loss | $ (5.9) | $ (1.5) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 14.9 | 16.5 |
| Equity in losses of unconsolidated affiliates | 1.1 | 3.4 |
| Realized loss (gain) and asset impairments, net | 1.0 | (4.6) |
| Stock-based compensation cost | 0.4 | 0.2 |
| Distributions from unconsolidated affiliates | 0.9 | — |
| Changes in assets and liabilities, net of effects from acquisitions: | | |
| Net decrease in trade receivables | 5.6 | 8.0 |
| Net increase in inventory, prepaid expenses and other assets | (8.0) | (7.6) |
| Net decrease in accounts payable, accrued liabilities, deferred revenue and other | (16.4) | (2.5) |
| Net change in income taxes | (4.9) | 1.5 |
| Net cash (used in) provided by operating activities | (11.3) | 13.4 |
| Cash flows from investing activities: | | |
| Proceeds from sale of investment securities | 17.7 | 31.6 |
| Additions to property and equipment | (3.1) | (6.3) |
| Additions to other intangible assets | — | (0.2) |
| Proceeds from sales of property and equipment | 1.4 | — |
| Additional investments in unconsolidated affiliates | — | (0.3) |
| Purchases of other long-term investments | (1.7) | (0.6) |
| Distributions from investments in unconsolidated affiliates | — | 0.5 |
| Net purchases of short-term investment securities | (21.1) | — |
| Net other investing activities | 0.4 | (0.1) |
| Other acquisitions of businesses, net of cash acquired | — | (21.0) |
| Net cash (used in) provided by investing activities | (6.4) | 3.6 |
| Cash flows from financing activities: | | |
| Borrowings | 0.1 | 38.7 |
| Debt service payments | (123.8) | (12.7) |
| Subsidiary distributions paid to noncontrolling interest shareholders | — | (0.1) |
| Payment of contingent consideration for prior period acquisitions | — | (4.0) |
| Equity transactions with Parent, net | — | 0.8 |
| Net cash (used in) provided by financing activities | (123.7) | 22.7 |
| Net (decrease) increase in cash and cash equivalents | (141.4) | 39.7 |
| Cash and cash equivalents at beginning of period | 245.6 | 146.4 |
| Cash and cash equivalents at end of period | $ 104.2 | $ 186.1 |

See Notes to Condensed Consolidated and Combined Financial Statements

**CANNAE HOLDINGS, INC.**
**NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (UNAUDITED)**

## Note A — Basis of Financial Statements

***Description of the Business***

We are a holding company engaged in actively managing and operating a group of companies and investments with a net asset value of approximately $1.1 billion as of March 31, 2018. Our business consists of managing and operating certain majority-owned subsidiaries, as well as making additional majority and minority equity portfolio investments in businesses, in order to achieve superior financial performance and maximize the value of these assets. As of March 31, 2018, our primary majority and minority-owned subsidiaries include American Blue Ribbon Holdings, LLC and its affiliates ("ABRH"), T-System Holdings, LLC ("T-System"), Ceridian Holding, LLC ("Ceridian"), and various other controlled portfolio companies and minority equity investments.

See Note H *Segment Information* for further discussion of the businesses comprising our reportable segments.

***Split-off of Cannae from FNF***

During December 2016, the board of directors of Fidelity National Financial, Inc. (“FNF” or “Parent”) authorized its management to pursue a plan to redeem each outstanding share of its Fidelity National Financial Ventures Group ("FNFV Group") common stock, par value $0.0001, for one share of common stock, par value $0.0001, of a newly formed entity, Cannae Holdings, Inc. (“Cannae”), with cash in lieu of fractional shares (the "Split-Off"). On November 17, 2017, FNF contributed to Cannae its majority and minority equity investment stakes in a number of entities, including ABRH, T-System, Ceridian, and various other controlled portfolio companies and minority equity investments. The Split-Off was tax-free to stockholders of FNFV Group common stock.

Following the Split-Off, FNF and Cannae operate as separate, publicly traded companies. In connection with the Split-Off, FNF and Cannae entered into certain agreements in order to govern certain of the ongoing relationships between the two companies after the Split-Off and to provide for an orderly transition. These agreements include a reorganization agreement, a corporate services agreement, a registration rights agreement, a voting agreement and a tax matters agreement.

The reorganization agreement provides for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Split-Off, certain conditions to the Split-Off and provisions governing the relationship between Cannae and FNF with respect to and resulting from the Split-Off. The tax matters agreement provides for the allocation and indemnification of tax liabilities and benefits between FNF and Cannae and other agreements related to tax matters. The voting agreement and registration rights agreement provide for certain appearance and voting restrictions and registration rights on shares of Cannae owned by FNF after consummation of the Split-Off. Pursuant to the corporate services agreement (the "CSA"), FNF provides Cannae with certain "back office" services including legal, tax, accounting, and treasury support. FNF will generally provide these services at no-cost for up to three years. We record an expense and an offsetting increase to Additional paid-in-capital for contributed services. Cannae will reimburse FNF for direct, out-of-pocket expenses incurred by FNF in providing these services.

The Split-Off was accounted for at historical cost due to the pro rata nature of the distribution to holders of FNFV Group common stock.

***Principles of Consolidation and Combination and Basis of Presentation***

The accompanying Condensed Consolidated and Combined Financial Statements are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and Article 10 of Regulation S-X and include the historical accounts as well as wholly-owned and majority-owned subsidiaries of the Company. All adjustments made were of a normal, recurring nature. This report should be read in conjunction with our Annual Report on Form 10-K (our "Annual Report") for the year ended December 31, 2017.

Prior to the Split-Off, these financial statements represent a combination of the historical financial information of the operations attributed to FNFV, of which Cannae is comprised. The Company is allocated certain corporate overhead and management services expenses from FNF based on the terms of the CSA and our proportionate share of the expense determined on actual usage and our best estimate of management's allocation of time. Both FNF and Cannae believe such allocations are reasonable; however, they may not be indicative of the actual results of operations or cash flows of the Company had the Company been operating as an independent, publicly traded company for the periods presented or the amounts that will be incurred by the Company in the future.

All intercompany profits, transactions and balances have been eliminated. Our investments in non-majority-owned partnerships and affiliates are accounted for using the equity method until such time that they may become wholly or majority-owned. Earnings attributable to noncontrolling interests are recorded on the Condensed Consolidated and Combined Statements of Operations relating to majority-owned subsidiaries with the appropriate noncontrolling interest that represents the portion of equity not related to our ownership interest recorded on the Condensed Consolidated and Combined Balance Sheets in each period.

***Management Estimates***

The preparation of these Condensed Consolidated and Combined Financial Statements in conformity with GAAP 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 Condensed Consolidated and Combined Financial Statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include the valuation of acquired intangible assets (Note B) and fair value measurements (Note C). Actual results may differ from estimates.

***Recent Developments***

On April 26, 2018, Ceridian HCM Holding Inc.'s (“Ceridian HCM”) previously announced registration statement on Form S-1 was declared effective by the United States Securities and Exchange Commission ("SEC") and Ceridian HCM priced its initial public offering of 21,000,000 shares of common stock at a price of $22.00 per share (the "Ceridian IPO"). In addition, the underwriters of the Ceridian IPO were granted a 30-day option to purchase up to an additional 3,150,000 shares at the initial public offering price, less underwriting discounts and commissions. The New York Stock Exchange has approved the listing of the shares and the Toronto Stock Exchange (“TSX”) has conditionally approved the listing of the shares. Listing on the TSX is subject to Ceridian HCM fulfilling all of the requirements of the TSX on or before July 12, 2018, including distribution of the shares to a minimum number of public shareholders. Ceridian HCM’s shares began trading on the New York Stock Exchange and on an “if, as and when issued” basis on the TSX on April 26, 2018 under the ticker symbol “CDAY.” In accordance with the terms of our management agreement with Ceridian, the agreement was terminated upon closing of the Ceridian IPO. The termination resulted in a termination fee of $5.6 million which was paid to us on May 1, 2018.

As a result of the Ceridian IPO, and participation in a concurrent private placement investment in which we acquired 1,521,030 shares of CDAY representing an additional investment of $33.4 million, we own a total of 37,135,921 shares of CDAY which represents 27.2% of the outstanding common equity of Ceridian HCM.

On May 7, 2018, the Compensation Committee of the Board of Directors approved a success bonus of up to $67.1 million resulting from the successful Ceridian IPO. The success bonus will be payable to certain members of the Board of Directors and management who contributed to acquiring and growing Ceridian over Cannae’s and its predecessor’s ten year ownership of Ceridian and is expected to be paid in a combination of cash and stock.

On March 12, 2018, Cannae Holdings and Newport Global Opportunities Fund I-A AIV (ABRH) LP ("Newport Global") signed a non-binding letter of intent pursuant to which ABRH intends to distribute 95% of its family dining group, which consists primarily of its Village Inn and Baker's Square concepts, and its Legendary Baking concept to Newport Global in 100% redemption of Newport Global’s interest in Fidelity Newport Holdings, LLC ("FNH"), the parent of ABRH. This proposed transaction would leave Cannae with approximately 94% of the interest in FNH which will retain the O’Charley’s and 99 Restaurants brands, along with an approximately 5% interest in the family dining group and Legendary Baking. Discussions remain ongoing and we have not yet determined a closing date for the proposed transaction.

***Earnings Per Share***

Basic earnings per share, as presented on the Condensed Consolidated and Combined Statement of Operations, is computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding during the period.

On November 17, 2017, the date of the consummation of the Split-Off, 70.6 million common shares of Cannae were distributed to FNFV Group shareholders. For comparative purposes, the weighted average number of common shares outstanding and basic and diluted earnings per share for the three months ended March 31, 2017 were calculated using the number of shares distributed as if those shares were issued and outstanding beginning January 1, 2017.

In periods when earnings are positive, diluted earnings per share is calculated by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding plus the impact of assumed conversions of potentially dilutive securities. For periods when we recognize a net loss, diluted earnings per share is equal to basic earnings per share as the impact of assumed conversions of potentially dilutive securities is considered to be antidilutive. We have granted certain shares of restricted stock which have been treated as common share equivalents for purposes of calculating diluted earnings per share for periods in which positive earnings have been reported.

Instruments which provide the ability to purchase shares of our common stock that are antidilutive are excluded from the computation of diluted earnings per share. For the three months ended March 31, 2018, there were no antidilutive shares of restricted stock outstanding which were excluded from the calculation of diluted earnings per share.

***Income Tax***

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Reform Act”). Among other provisions, the Tax Reform Act reduced the Federal statutory corporate income tax rate from 35% to 21% and limited or eliminated certain deductions. Our effective tax rate was 45.5% and 81.8% in the three months ended March 31, 2018 and 2017, respectively. The decrease was attributable to the Tax Reform Act and the impact of permanent tax differences primarily related to wage and tip credits at the Restaurant Group and losses of unconsolidated affiliates.

The Tax Reform Act significantly changes how the United States taxes corporations. The Company has analyzed and interpreted the current and future impacts of the Tax Reform Act and recorded the provisional effects in its financial statements as of March 31, 2018. However, the legislation remains subject to potential amendments, technical corrections and further guidance. Further, in connection with the filing of its tax return, the Company has the ability to change certain elections it has applied to the calculation of the year-end deferred tax assets and liabilities or amounts related to investments in subsidiaries. When the impact of the Tax Reform Act is finalized, the Company will record any necessary adjustments in the period in which the change occurs. No adjustments related to the Tax Reform Act were recorded in the three months ended March 31, 2018.

***Discontinued Operations***

On June 6, 2017, we closed on the sale of Digital Insurance, Inc. ("OneDigital"). We retained no ownership in OneDigital and have no continuing involvement with OneDigital as of the date of the sale. As a result of the sale of OneDigital we have reclassified the financial results of OneDigital to discontinued operations for the three months ended March 31, 2017 in our Condensed Consolidated and Combined Statement of Operations. See Note J. *Discontinued Operations* for further details of the results of OneDigital.

***Recent Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides a new comprehensive revenue recognition model that requires companies to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This update also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This update permits the use of either the retrospective or cumulative effect transition method. ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations* was issued by FASB in March 2016 to clarify the principal versus agent considerations within ASU 2014-09. ASU 2016-10 *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* was issued by the FASB in April 2016 to clarify how to determine whether goods and services are separately identifiable and thus accounted for as separate performance obligations. ASU 2016-12 *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* was issued by the FASB in May 2016 to clarify certain terms from the aforementioned updates and to add practical expedients for contracts at various stages of completion. ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, was issued by the FASB in December 2016 which includes thirteen technical corrections and improvements affecting narrow aspects of the guidance issued in ASU 2014-09.

We adopted ASC Topic 606 on January 1, 2018 using a modified retrospective approach with a cumulative-effect adjustment to the opening balance of retained earnings. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The adoption of ASC Topic 606 did not have a significant impact on the timing or amount of recognition of revenue for our primary sources of revenue. As a result of the adoption of ASC Topic 606, we recorded a cumulative-effect adjustment of $4.3 million to increase Retained earnings and decrease Deferred revenue as of January 1, 2018. See Note K. *Revenue Recognition* for further discussion of our revenue.

In February 2016, the FASB issued ASU No. 2016-02 *Leases (Topic 842)*. The amendments in this ASU introduce broad changes to the accounting and reporting for leases by lessees. The main provisions of the new standard include: clarifications to the definitions of a lease, components of leases, and criteria for determining lease classification; requiring virtually all leased assets, including operating leases and related liabilities, to be reflected on the lessee's balance sheet; and expanding and adding to the required disclosures for lessees. This update is effective for annual and interim periods beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the standard is permitted. The ASU requires a modified retrospective approach to transitioning which allows for the use of practical expedients to effectively account for leases commenced prior to the effective date in accordance with previous GAAP, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. We are still evaluating the totality of the effects this new guidance will have on our business process and systems, financial statements and related disclosures. We have identified a vendor with software suited to track and account for leases under the new standard. We plan to adopt this standard on January 1, 2019.

In June 2016, the FASB issued ASU No. 2016-13 *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU introduce broad changes to accounting for credit impairment of financial instruments. The primary updates include the introduction of a new current expected credit loss ("CECL") model that is based on expected rather than incurred losses and amendments to the accounting for impairment of debt securities available for sale. This update is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the effect this new guidance will have on our financial statements and related disclosures and have not yet concluded on its effects. We do not plan to early adopt the standard.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* The guidance simplifies the measurement of goodwill impairment by removing step 2 of the goodwill impairment test, which requires the determination of the fair value of individual assets and liabilities of a reporting unit. The new guidance requires goodwill impairment to be measured as the amount by which a reporting unit's carrying value exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The amendments should be applied on a prospective basis. The new standard is effective for fiscal years beginning after December 15, 2019 with early adoption permitted for interim or annual goodwill impairment tests performed after January 1, 2017. We have completed our evaluation of the effect this new guidance will have on our financial statements and related disclosures and have concluded that the effect will not be material. We do not expect to early adopt this standard.

In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.* The guidance allows for a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Reform Act. The new standard is effective for fiscal years beginning after December 15, 2018 and interim periods in those fiscal years with early adoption permitted. We are currently evaluating the effect this new guidance will have on our financial statements and related disclosures and have not yet concluded on its effects.

***Revision of Prior Period Financial Statements***

In connection with the preparation of our Consolidated and Combined Financial Statements for the year ended December 31, 2017, we identified and corrected prior period errors pertaining to the accounting for our investment in Ceridian. Specifically, the adjustments related to: (1) our accounting for the equity pick-up related to stock-based compensation at Ceridian and (2) the timing of accounting adjustments made by Ceridian and by us. Adjustments in (1) above related to our accounting for the equity pick-up related to stock-based compensation at Ceridian had no impact to equity due to offsetting adjustments to Parent investment in FNFV.

These corrections resulted in the following changes for the three months ended March 31, 2017:

i. a decrease in Equity in losses of unconsolidated affiliates of $0.6 million; and

ii. a decrease in Income tax benefit of $0.8 million.

The effect of all prior period corrections, as disclosed in our Annual Report, decreased Parent investment in FNFV by $3.9 million as of December 31, 2016. The aggregate of these corrections and the corrections impacting the quarter ended March 31, 2017, as described above, decreased Parent investment in FNFV by $2.6 million at March 31, 2017.

No earnings per share data was affected as our shares began trading on November 20, 2017 and therefore was not previously presented.

In accordance with accounting guidance found in Accounting Standards Codification ("ASC") Topic 250-10 (SEC Staff Accounting Bulletin No. 99, Materiality), we assessed the materiality of the errors from quantitative and qualitative perspectives and concluded that the errors were not material, individually or in the aggregate, to any of our previously issued financial statements. Since the revision was not material to any prior period, no amendments to previously issued financial statements are required. Consequently, we have adjusted for these errors by revising the financial statement line items discussed above, including the related impacts to the statements of comprehensive loss, equity and cash flows and disclosures in our historical financial statements presented herein.

**Note B — Acquisitions**

The results of operations and financial position of the entities acquired during any period are included in the Condensed Consolidated and Combined Financial Statements from and after the date of acquisition.

**T-System**

On October 16, 2017, we completed the T-System Merger for aggregate merger consideration of $202.2 million. T-System is a provider of clinical documentation and coding solutions to hospital-based and free-standing emergency departments and urgent care facilities.

The Company paid total consideration, net of cash received, of $200.9 million in exchange for 100% of the equity ownership of T-System. The total consideration paid was as follows (in millions):

| | | |
|---|---|---|
| Cash paid | $ | 202.2 |
| Less: Cash acquired | | 1.3 |
| Total cash consideration paid | $ | 200.9 |

The purchase price has been allocated to T-System's assets acquired and liabilities assumed based on our best estimates of their fair values as of the acquisition date. Goodwill has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired. $32.8 million of the goodwill recorded is expected to be deductible for tax purposes. These estimates are preliminary and subject to adjustments as we complete our valuation process with respect to Goodwill, Other intangible assets, and Deferred tax liabilities.

The following table summarizes the total purchase price consideration and the preliminary fair value amounts recognized for the assets acquired, excluding cash received, and liabilities assumed as of the acquisition date (in millions):

| | | Fair Value |
|---|---|---|
| Trade receivables | $ | 11.3 |
| Prepaid and other assets | | 2.0 |
| Property and equipment | | 1.2 |
| Goodwill | | 98.9 |
| Other intangible assets | | 112.4 |
| Total assets acquired | | 225.8 |
| | | |
| Accounts payable and accrued liabilities | | 6.6 |
| Deferred revenue | | 11.0 |
| Deferred tax liabilities | | 7.3 |
| Total liabilities assumed | | 24.9 |
| Net assets acquired | $ | 200.9 |

For comparative purposes, selected unaudited pro-forma combined results of operations of Cannae for the quarter ended March 31, 2017 are presented below (in millions). Pro-forma results presented assume the consolidation of T-System occurred as of the beginning of the 2017 period. Amounts are adjusted to exclude costs directly attributable to the acquisition of T-System, including transaction costs and amortization of acquired intangible assets.

| | | Quarter Ended March 31, 2017 |
|---|---|---|
| | | (Unaudited) |
| Total revenues | $ | 290.3 |
| Net earnings attributable to Cannae Holdings | | 0.9 |

**CANNAE HOLDINGS, INC.**
**NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (UNAUDITED) — continued**

The gross carrying values and weighted average estimated useful lives of property and equipment and other intangible assets acquired in the T-System acquisition consists of the following (dollars in millions):

| | Gross Carrying Value | Weighted Average Estimated Useful Life (in years) |
|---|---|---|
| Property and equipment | $ 1.2 | 3 - 5 |
| Other intangible assets: | | |
| Customer relationships | 55.2 | 10 |
| Computer software | 45.1 | 9 |
| Tradename | 10.6 | 10 |
| Noncompete agreement | 1.5 | 5 |
| Total other intangible assets | 112.4 | |
| Total | $ 113.6 | |

**Note C — Fair Value Measurements**

The fair value hierarchy established by the accounting standards on fair value measurements includes three levels which are based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities that are recorded in the Combined Balance Sheets are categorized based on the inputs to the valuation techniques as follows:

*Level 1.* Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that we have the ability to access.

*Level 2.* Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

*Level 3.* Financial assets and liabilities whose values are based on model inputs that are unobservable.

***Recurring Fair Value Measurements***

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2018 and December 31, 2017, respectively:

| | March 31, 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (In millions) | | | |
| Assets: | | | | |
| Fixed-maturity securities available for sale: | | | | |
| Corporate debt securities | $ — | $ — | $ 21.4 | $ 21.4 |
| Deferred compensation | 3.9 | — | — | 3.9 |
| Total assets | $ 3.9 | $ — | $ 21.4 | $ 25.3 |
| Liabilities: | | | | |
| Deferred compensation | $ 3.9 | $ — | $ — | $ 3.9 |
| Total liabilities | $ 3.9 | $ — | $ — | $ 3.9 |

| | December 31, 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (In millions) | | | |
| Assets: | | | | |
| Fixed-maturity securities available for sale: | | | | |
| Corporate debt securities | $ — | $ 14.8 | $ — | $ 14.8 |
| Equity securities available for sale | 17.7 | — | — | 17.7 |
| Deferred compensation | 4.4 | — | — | 4.4 |
| Total assets | $ 22.1 | $ 14.8 | $ — | $ 36.9 |
| Liabilities: | | | | |
| Deferred compensation | $ 4.4 | $ — | $ — | $ 4.4 |
| Total liabilities | $ 4.4 | $ — | $ — | $ 4.4 |

Our Level 3 fair value measurement for our fixed-maturity securities available for sale are provided by a single third-party pricing service. We utilize one firm to value our Level 3 fixed-maturity securities available for sale. We utilize both an income approach and a contingent claims analysis in determining the fair value of our Level 3 fixed-maturity securities available for sale. The primary unobservable inputs utilized in this pricing methodology are the discount rate used. The discount rates used are based on company-specific risk premiums, public company comparable securities, and leveraged loan indices. The discount rate used in our determination of the fair value of our Level 3 fixed-maturity securities available for sale varies by security type and was 11.5% to 17.25% as of March 31, 2018. Based on the total fair value of our Level 3 fixed-maturity securities available for sale as of March 31, 2018, changes in the discount rate utilized will not result in a fair value significantly different than the amount recorded.

The following table presents a summary of the changes in the fair values of Level 3 assets, measured on a recurring basis, for the three months ended March 31, 2018.

| | March 31, 2018 | |
|---|---|---|
| | Corporate debt securities | |
| Fair value, December 31, 2017 | $ | — |
| Transfers from Level 2 | | 21.4 |
| Fair value, March 31, 2018 | $ | 21.4 |

Transfers into or out of the Level 3 fair value category occur when unobservable inputs become more or less significant to the fair value measurement or upon a change in valuation technique. For the three months ended March 31, 2018, transfers between Level 2 and Level 3 were based on changes in significance of unobservable inputs used associated with a change in the service provider and in the valuation technique used to value our corporate debt securities. The Company’s policy is to recognize transfers between levels in the fair value hierarchy at the end of the reporting period.

We recorded no realized or unrealized gains or losses in net earnings or other comprehensive (loss) earnings related to the change in fair value or sales of assets measured using Level 3 inputs in the three months ended March 31, 2018 or 2017.

As of December 31, 2017 and March 31, 2017, we held no material assets or liabilities measured at fair value using Level 3 inputs.

Our Level 2 fair value measurement for our fixed-maturity securities available for sale as of December 31, 2017 was provided by a third-party provider. We relied on one price for the instruments to determine the carrying amount of the asset on our balance sheet. A blended comparable public company and discounted cash flow analysis was utilized to determine the fair value. The inputs utilized in the analysis included observable measures such as benchmark yields, benchmark securities, and reference data including public company operating results and market research publications. Other factors considered included the bond's yield, its terms and conditions, or any other feature which may influence its risk and thus marketability, as well as relative credit information and relevant sector news. We reviewed the pricing methodologies for our Level 2 securities by obtaining an understanding of the valuation models and assumptions used by the third-party as well as independently comparing the resulting prices to other publicly available measures of fair value.

Additional information regarding the fair value of our investment portfolio is included in Note D *Investments*.

Deferred compensation plan assets are comprised of various investment funds which are valued based upon their quoted market prices.

The carrying amounts of trade receivables and notes receivable approximate fair value due to their short-term nature. The fair value of our notes payable is included in Note F *Notes Payable*.

**Note D — Investments**

***Available for Sale Securities***

The carrying amounts and fair values of our available for sale securities at March 31, 2018 and December 31, 2017 are as follows:

| | March 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Cost Basis | Unrealized Gains | Unrealized Losses | Fair Value |
| | (In millions) | | | | |
| Fixed maturity securities available for sale: | | | | | |
| Corporate debt securities | 21.4 | 29.8 | 2.7 | (11.1) | 21.4 |
| Total | $ 21.4 | $ 29.8 | $ 2.7 | $ (11.1) | $ 21.4 |

| | December 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Cost Basis | Unrealized Gains | Unrealized Losses | Fair Value |
| | (In millions) | | | | |
| Fixed maturity securities available for sale: | | | | | |
| Corporate debt securities | 14.8 | 26.3 | 0.3 | (11.8) | 14.8 |
| Equity securities | 17.7 | 17.7 | 0.3 | (0.3) | 17.7 |
| Total | $ 32.5 | $ 44.0 | $ 0.6 | $ (12.1) | $ 32.5 |

The cost basis of fixed maturity securities available for sale includes an adjustment for amortized premium or discount since the date of purchase.

As of March 31, 2018 the fixed maturity securities in our investment portfolio had a maturity of greater than one year but less than five years. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

Net unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2018 and December 31, 2017 were as follows (in millions):

| March 31, 2018 | Less than 12 Months | |
|---|---|---|
| | Fair Value | Unrealized Losses |
| Corporate debt securities | $ 15.3 | $ (11.1) |
| Total temporarily impaired securities | $ 15.3 | $ (11.1) |

| December 31, 2017 | Less than 12 Months | |
|---|---|---|
| | Fair Value | Unrealized Losses |
| Corporate debt securities | $ 14.3 | $ (11.8) |
| Equity securities available for sale | 6.8 | (0.3) |
| Total temporarily impaired securities | $ 21.1 | $ (12.1) |

The unrealized losses for the corporate debt securities were primarily caused by industry volatility and declines in values of comparable public companies. We consider the unrealized losses related to these securities to be temporary rather than permanent changes in credit quality. We expect to recover the entire amortized cost basis of our temporarily impaired fixed maturity securities as we do not intend to sell these securities and we do not believe that we will be required to sell the fixed maturity securities before recovery of the cost basis. For these reasons, we do not consider these securities other-than-temporarily impaired at March 31,

2018. It is reasonably possible that declines in fair value below cost not considered other-than-temporary in the current period could be considered to be other-than-temporary in a future period and earnings would be reduced to the extent of the impairment.

During the three months ended March 31, 2018, we sold equity securities for gross proceeds of $17.7 million, resulting in realized gains of less than $0.1 million. During the three months ended March 31, 2017, we sold equity securities for gross proceeds of $31.6 million, resulting in realized gains of $5.1 million.

During the three months ended March 31, 2018 and 2017, we incurred no other-than-temporary impairment charges relating to securities available for sale.

As of March 31, 2018, we held no investments for which an other-than-temporary impairment had been previously recognized. It is possible that future events may lead us to recognize potential future impairment losses related to our investment portfolio and that unanticipated future events may lead us to dispose of certain investment holdings and recognize the effects of any market movements in our combined financial statements.

***Investments in Unconsolidated Affiliates***

Investments in unconsolidated affiliates recorded using the equity method of accounting as of March 31, 2018 and December 31, 2017 consisted of the following (in millions):

| | Ownership at March 31, 2018 | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| Ceridian | 33% | $ 314.4 | $ 324.9 |
| Ceridian II | 32% | 60.2 | 58.4 |
| Total investment in Ceridian | | 374.6 | 383.3 |
| Other | various | 40.8 | 41.6 |
| Total | | $ 415.4 | $ 424.9 |

On March 30, 2016, Ceridian Holding II LLC ("Ceridian II"), an affiliate of Ceridian, completed an offering of common stock (the “Offering”) for aggregate proceeds of $150.2 million. The proceeds of the Offering were used by Ceridian II to purchase shares of senior convertible preferred stock of Ceridian HCM, a wholly-owned subsidiary of Ceridian. As part of the Offering, FNF purchased a number of shares of common stock of Ceridian II equal to its pro-rata ownership in Ceridian.

As a result of an internal restructuring occurring upon the closing of the Ceridian IPO, Ceridian and Ceridian II were merged with and into Ceridian HCM and all ownership interests in Ceridian and Ceridian II were exchanged for common stock of Ceridian HCM. Our ownership of Ceridian HCM subsequent to the Ceridian IPO and concurrent private placement investment is 27.2%.

Summarized financial information for Ceridian for the relevant dates and time periods included in Investments in unconsolidated affiliates and Equity in losses of unconsolidated affiliates in our Condensed Consolidated and Combined Balance Sheets and Statements of Operations, respectively, is presented below.

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| | (In millions) | |
| Total current assets before customer funds | $ 295.4 | $ 323.4 |
| Customer funds | 4,293.9 | 4,099.7 |
| Goodwill and other intangible assets, net | 2,282.4 | 2,299.7 |
| Other assets | 109.0 | 107.8 |
| Total assets | $ 6,980.7 | $ 6,830.6 |
| Current liabilities before customer obligations | $ 141.3 | $ 167.0 |
| Customer obligations | 4,313.2 | 4,105.5 |
| Long-term obligations, less current portion | 1,120.5 | 1,119.8 |
| Other long-term liabilities | 201.1 | 208.6 |
| Total liabilities | 5,776.1 | 5,600.9 |
| Equity | 1,204.6 | 1,229.7 |
| Total liabilities and equity | $ 6,980.7 | $ 6,830.6 |

**CANNAE HOLDINGS, INC.**
**NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (UNAUDITED) — continued**

| | Three months ended March 31, 2018 | Three months ended March 31, 2017 |
|---|---|---|
| | (In millions) | |
| Total revenues | $ 208.9 | $ 187.0 |
| Earnings (loss) before income taxes | 4.5 | (9.2) |
| Net loss | (1.8) | (11.2) |

***Short-term Investments***

Short-term investments consist primarily of commercial paper and short-duration U.S. agency securities which have an original maturity of greater than 90 days but less than one year. Short-term investments are carried at amortized cost, which approximates fair value.

**Note E — Inventory**

Inventory consists of the following:

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| | (In millions) | |
| Bakery inventory: | | |
| Raw materials | $ 12.4 | $ 9.1 |
| Semi-finished and finished goods | 13.7 | 7.5 |
| Packaging | 2.9 | 2.8 |
| Obsolescence reserve | (0.7) | (0.6) |
| Total bakery inventory | 28.3 | 18.8 |
| Other restaurant-related inventory | 10.1 | 10.9 |
| Other | 0.2 | — |
| Total inventory | $ 38.6 | $ 29.7 |

**Note F — Notes Payable**

Notes payable consists of the following:

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| | (In millions) | |
| ABRH Term Loan, interest payable monthly at LIBOR + 3.0%, due August 2019 | $ — | $ 84.2 |
| ABRH Revolving Credit Facility due August 2019 with interest payable monthly or quarterly at various rates | — | 38.0 |
| Brasada Cascades Credit Agreement, due January 2026 with interest payable monthly at varying rates | 12.0 | 12.1 |
| Corporate Revolver Note with FNF, Inc., unused portion of $100.0 million at March 31, 2018 | — | — |
| Other | 0.5 | 0.6 |
| Notes payable, total | $ 12.5 | $ 134.9 |
| Less: Notes payable, current | 1.4 | 122.2 |
| Notes payable, long term | $ 11.1 | $ 12.7 |

At March 31, 2018 the carrying value of our outstanding notes payable approximated fair value. The carrying value of the variable rate notes pursuant to the Brasada Cascades Credit Agreement approximate fair value as they are variable rate instruments with short reset periods (either monthly or quarterly) which reflect current market rates. The revolving credit facilities are considered Level 2 financial liabilities. The fixed-rate note pursuant to the Cascades Credit Agreement approximates fair value as of March 31, 2018.

On January 29, 2016, FNF NV Brasada, LLC, an Oregon limited liability company and majority-owned subsidiary of Cannae, entered into a credit agreement with an aggregate borrowing capacity of $17.0 million (the “Cascades Credit Agreement”) with Bank of the Cascades, an Oregon state-chartered commercial bank (“Bank of the Cascades”), as lender. The material terms of the Cascades Credit Agreement are set forth in our Annual Report on Form 10-K for the year ended December 31, 2017. As of March 31, 2018, the variable rate notes incurred interest at 4.07%, and there is $0.8 million available to be drawn on the Line of Credit Loan.

On August 19, 2014, ABRH entered into a credit agreement (the “ABRH Credit Facility”) with Wells Fargo Bank, National Association as administrative agent, Swingline Lender and Issuing Lender (the “ABRH Administrative Agent”), Bank of America, N.A. as syndication agent and the other financial institutions party thereto. The ABRH Credit Facility was amended on February 24, 2017. The material terms of the ABRH Credit Facility are set forth in our Annual Report on Form 10-K for the year ended December 31, 2017. In March 2018, the ABRH Credit Facility was assigned to Cannae and the outstanding balance was paid off in its entirety. Subsequent to the assignment, Cannae and ABRH entered into an amendment to the Credit Facility to increase the interest rate to 10%, suspend the financial covenants until March 31, 2019 and require ABRH to pay to Cannae an amendment fee equal to 2% of the outstanding loan balance.

On June 30, 2014, FNF issued to FNFV, LLC a revolver note in an aggregate principal amount of up to $100.0 million (the “Revolver Note”), pursuant to FNF's revolving credit facility. On November 17, 2017, FNF issued to Cannae a revolver note in aggregate principal amount of up to $100.0 million (the "FNF Revolver") which replaced the Revolver Note. The material terms of the FNF Revolver are set forth in our Annual Report on Form 10-K for the year ended December 31, 2017. As of March 31, 2018, we have not made any borrowings under the FNF Revolver.

Gross principal maturities of notes payable at March 31, 2018 are as follows (in millions):

| | | |
|---|---|---|
| 2018 (remaining) | $ | 1.1 |
| 2019 | | 0.5 |
| 2020 | | 0.4 |
| 2021 | | 0.4 |
| 2022 | | 0.4 |
| Thereafter | | 9.8 |
| | $ | 12.6 |

## Note G — Commitments and Contingencies

### *Legal Contingencies*

In the ordinary course of business, we are involved in various pending and threatened litigation and regulatory matters related to our operations, some of which include claims for punitive or exemplary damages. Our ordinary course litigation includes purported class action lawsuits, which make allegations related to various aspects of our business. From time to time, we also receive requests for information from various state and federal regulatory authorities, some of which take the form of civil investigative demands or subpoenas. Some of these regulatory inquiries may result in the assessment of fines for violations of regulations or settlements with such authorities requiring a variety of remedies. We believe that no actions, other than those discussed below, depart from customary litigation or regulatory inquiries incidental to our business.

Our Restaurant Group companies are a defendant from time to time in various legal proceedings arising in the ordinary course of business, including claims relating to injury or wrongful death under “dram shop” laws that allow a person to sue us based on any injury caused by an intoxicated person who was wrongfully served alcoholic beverages at one of the restaurants; individual and purported class or collective action claims alleging violation of federal and state employment, franchise and other laws; and claims from guests or employees alleging illness, injury or other food quality, health or operational concerns. Our Restaurant Group companies are also subject to compliance with extensive government laws and regulations related to employment practices and policies and the manufacture, preparation, and sale of food and alcohol. We may also become subject to lawsuits and other proceedings, as well as card network fines and penalties, arising out of the actual or alleged theft of our customers' credit or debit card information.

We review lawsuits and other legal and regulatory matters (collectively “legal proceedings”) on an ongoing basis when making accrual and disclosure decisions. When assessing reasonably possible and probable outcomes, management bases its decision on its assessment of the ultimate outcome assuming all appeals have been exhausted. For legal proceedings in which it has been determined that a loss is both probable and reasonably estimable, a liability based on known facts and which represents our best estimate is recorded. As of March 31, 2018 and December 31, 2017, we had $0.4 million and $0.2 million, respectively, accrued for legal proceedings. Actual losses may materially differ from the amounts recorded and the ultimate outcome of our pending legal proceedings is generally not yet determinable. While some of these matters could be material to our operating results or cash flows for any particular period if an unfavorable outcome results, at present we do not believe that the ultimate resolution of currently pending legal proceedings, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows.

O’Charley’s is the defendant in a lawsuit, Otis v. O’Charley’s, LLC, filed on July 13, 2016, in U.S. District Court, Central District of Illinois. The lawsuit purports to bring a national class action on behalf of all O’Charley’s servers and bartenders under the Fair Labor Standards Act and similar state laws. The complaint alleges that O'Charley's failed to pay plaintiffs the applicable minimum wage and overtime by requiring tipped employees to: (a) spend more than twenty percent of their time performing non-tipped duties, including dishwashing, food preparation, cleaning, maintenance, and other "back of the house" duties; and (b) perform “off the clock” work. Plaintiffs seek damages and declaratory relief. The named plaintiffs and members of the putative class are parties to employment agreements with O’Charley’s that provide, inter alia, for individual arbitration of potential claims and disputes. On October 25, 2016, the District Court entered an Order staying all proceedings in the Otis case pending the United States Supreme Court’s resolution of certain petitions for certiorari filed in several Circuit Courts of Appeals cases that address the issue of whether agreements between employers and employees to arbitrate disputes on an individual basis are enforceable under the Federal Arbitration Act. The Order provides that, if certiorari is granted in any of the Circuit Courts of Appeals cases, the stay of the Otis case will continue until the Supreme Court reaches a final decision on the merits in the cases. On January 13, 2017, the Supreme Court granted certiorari in three of the Circuit Courts of Appeals cases that address the enforceability of arbitration agreements. Accordingly, the proceedings in the Otis case are stayed until the Supreme Court reaches a final decision on the merits in the three cases.

***Operating Leases***

Future minimum operating lease payments as of March 31, 2018 are as follows (in millions):

| | | |
|---|---|---|
| 2018 (remaining) | $ | 46.4 |
| 2019 | | 58.2 |
| 2020 | | 51.8 |
| 2021 | | 44.8 |
| 2022 | | 34.0 |
| Thereafter | | 135.8 |
| Total future minimum operating lease payments | $ | 371.0 |

***Unconditional Purchase Obligations***

The Restaurant Group has unconditional purchase obligations with various vendors. These purchase obligations are primarily food and beverage obligations with fixed commitments in regards to the time period of the contract and the quantities purchased with annual price adjustments that can fluctuate. We used both historical and projected volume and pricing as of March 31, 2018 to determine the amount of the obligations.

Purchase obligations as of March 31, 2018 are as follows (in millions):

| | | |
|---|---|---|
| 2018 (remaining) | $ | 167.9 |
| 2019 | | 28.7 |
| 2020 | | 17.0 |
| 2021 | | 4.3 |
| 2022 | | 3.3 |
| Thereafter | | 3.6 |
| Total purchase commitments | $ | 224.8 |

**CANNAE HOLDINGS, INC.**
**NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (UNAUDITED) — continued**

## Note H — Segment Information

Summarized financial information concerning our reportable segments is shown in the following tables.

As of and for the three months ended March 31, 2018:

| | Restaurant Group | T-System | Ceridian | Corporate and Other | Ceridian Elimination | Total |
|---|---|---|---|---|---|---|
| Restaurant revenues | $ 273.8 | $ — | $ — | $ — | $ — | **$ 273.8** |
| Other operating revenues | — | 16.9 | 208.9 | 3.2 | (208.9) | **20.1** |
| Revenues from external customers | 273.8 | 16.9 | 208.9 | 3.2 | (208.9) | **293.9** |
| Interest and investment income, including realized gains and losses | — | — | — | 1.3 | — | **1.3** |
| Total revenues | 273.8 | 16.9 | 208.9 | 4.5 | (208.9) | **295.2** |
| Depreciation and amortization | 10.7 | 4.2 | 14.9 | — | (14.9) | **14.9** |
| Interest expense | (3.7) | — | (21.9) | 0.7 | 21.9 | **(3.0)** |
| (Loss) earnings from continuing operations, before income taxes and equity in earnings (losses) of unconsolidated affiliates | (9.3) | 0.1 | 4.5 | 0.4 | (4.5) | **(8.8)** |
| Income tax (benefit) expense | — | (0.3) | 6.8 | (3.7) | (6.8) | **(4.0)** |
| (Loss) earnings from continuing operations, before equity in earnings (losses) of unconsolidated affiliates | (9.3) | 0.4 | (2.3) | 4.1 | 2.3 | **(4.8)** |
| Equity in earnings (losses) of unconsolidated affiliates | 0.1 | — | — | 0.7 | (1.9) | **(1.1)** |
| (Loss) earnings from continuing operations | $ (9.2) | $ 0.4 | $ (2.3) | $ 4.8 | $ 0.4 | **$ (5.9)** |
| Assets | $ 480.2 | $ 220.7 | $ 6,980.7 | $ 639.7 | $ (6,980.7) | **$ 1,340.6** |
| Goodwill | 103.1 | 98.9 | 2,075.8 | — | (2,075.8) | **202.0** |

As of and for the three months ended March 31, 2017:

| | Restaurant Group | Ceridian | Corporate and Other | Ceridian Elimination | Total |
|---|---|---|---|---|---|
| Restaurant revenues | $ 272.7 | $ — | $ — | $ — | **$ 272.7** |
| Other operating revenues | — | 187.0 | 2.6 | (187.0) | **2.6** |
| Revenues from external customers | 272.7 | 187.0 | 2.6 | (187.0) | **275.3** |
| Interest and investment income, including realized gains and losses | — | — | 6.1 | — | **6.1** |
| Total revenues | 272.7 | 187.0 | 8.7 | (187.0) | **281.4** |
| Depreciation and amortization | 10.8 | 14.1 | 0.6 | (14.1) | **11.4** |
| Interest expense | (1.9) | (21.4) | (0.2) | 21.4 | **(2.1)** |
| (Loss) earnings from continuing operations, before income taxes and equity in earnings (losses) of unconsolidated affiliates | (4.5) | (9.2) | 2.3 | 9.2 | **(2.2)** |
| Income tax expense (benefit) | — | 2.5 | (1.8) | (2.5) | **(1.8)** |
| (Loss) earnings from continuing operations, before equity in earnings (losses) of unconsolidated affiliates | (4.5) | (11.7) | 4.1 | 11.7 | **(0.4)** |
| Equity in earnings (losses) of unconsolidated affiliates | — | — | 0.1 | (3.5) | **(3.4)** |
| (Loss) earnings from continuing operations | $ (4.5) | $ (11.7) | $ 4.2 | $ 8.2 | **$ (3.8)** |
| Assets | $ 500.4 | $ 7,297.4 | $ 999.4 | $ (7,297.4) | **$ 1,499.8** |
| Goodwill | 103.1 | 2,061.9 | — | (2,061.9) | **103.1** |

The activities in our segments include the following:

- *Restaurant Group*. This segment consists of the operations of ABRH, in which we have a 55% ownership interest. ABRH and its affiliates are the owners and operators of the O'Charley's, Ninety Nine Restaurants, Village Inn and Bakers Square restaurant and food service concepts, as well as its Legendary Baking bakery operation.

- *Ceridian*. This segment consists of our 33% ownership interest in Ceridian. Ceridian, through its operating subsidiary Ceridian HCM, offers a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance and work-life programs, and recruitment and applicant screening. Ceridian HCM's cloud offering, Dayforce, is a cloud solution that meets HCM needs with one employee record and one user experience throughout the application. Dayforce enables organizations to process pay, maintain human resources records, manage benefits enrollment, schedule staff, and find and hire personnel, while monitoring compliance throughout the employee life cycle. We account for our investment in Ceridian under the equity method of accounting and therefore its results of operations do not consolidate into ours. Accordingly, we have presented the elimination of Ceridian's results in the Ceridian Elimination section of the segment presentation above.

- *T-System*. This segment consists of the operations of our wholly-owned subsidiary, T-System, acquired on October 16, 2017. T-System is a provider of clinical documentation and coding solutions to hospital-based and free-standing emergency departments and urgent care facilities. T-System organizes itself into two businesses. The Clinical Documentation business offers software solutions providing clinical staff with full workflow operations that drive documentation completeness and revenue optimization to more than 435 customers. Additionally, the patented T-Sheet is the industry standard for emergency department documentation, with more than 800 customers. The Coding Software & Outsourced Solutions business provides a full-service outsourced coding solution as well as a cloud-based software-as-a-service solution for self-service coding. These offerings help more than 75customers at over 300 sites optimize their revenue cycle workflow and customer revenue reimbursement through improved coding accuracy and compliance and coder productivity compared to in-house coding.

- *Corporate and Other.* This segment consists of our share in the operations of certain controlled portfolio companies and other equity investments as well as certain intercompany eliminations and taxes. Total assets for this segment as of March 31, 2017 also include the assets of One Digital. See Note J. *Discontinued Operations* for further details.

**Note I — Supplemental Cash Flow Information**

The following supplemental cash flow information is provided with respect to interest and tax payments, as well as certain non-cash investing and financing activities.

| | Three months ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| | **(In millions)** | |
| Cash paid during the period: | | |
| Interest | $ 1.3 | $ 2.6 |
| Income taxes | — | — |
| Non-cash investing activities: | | |
| Unsettled purchases of investment securities accrued at period end | $ 3.5 | $ — |
| Non-cash financing activities: | | |
| Liabilities and noncontrolling interests assumed in connection with acquisitions: | | |
| Fair value of net assets acquired | $ — | $ 25.9 |
| Less: Total cash purchase price | — | 21.0 |
| Liabilities and noncontrolling interests assumed | $ — | $ 4.9 |

**Note J — Discontinued Operations**

***OneDigital***

On June 6, 2017, we completed the sale of OneDigital. As a result of the sale of OneDigital we have reclassified the financial results of OneDigital to discontinued operations for the three months ended March 31, 2017 in our Condensed Consolidated and Combined Statement of Operations. We retained no ownership in OneDigital and have no continuing involvement with OneDigital as of the date of the sale.

CANNAE HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS (UNAUDITED) — continued

A reconciliation of the operations of OneDigital to the Condensed Consolidated and Combined Statement of Operations is shown below:

| | Three months ended March 31, 2017 (Unaudited) |
|---|---|
| Revenues: | |
| Other operating revenue | $ 46.7 |
| Total operating revenues | 46.7 |
| Operating expenses: | |
| Personnel costs | 28.7 |
| Depreciation and amortization | 5.1 |
| Other operating expenses | 6.5 |
| Total operating expenses | 40.3 |
| Operating income | 6.4 |
| Other income (expense): | |
| Interest expense | (1.6) |
| Total other income (expense) | (1.6) |
| Earnings from discontinued operations before income taxes | 4.8 |
| Income tax expense | 2.5 |
| Earnings from discontinued operations | 2.3 |
| | |
| Cash flow from discontinued operations data: | |
| Net cash provided by operations | $ 8.1 |
| Net cash used in investing activities | (26.4) |

Other acquisitions/disposals of businesses, net of cash acquired, on the Condensed Consolidated and Combined Statement of Cash Flows for the three months ended March 31, 2017 includes $21.0 million related to acquisitions made by OneDigital. Borrowings on the Condensed Consolidated and Combined Statement of Cash Flows for the three months ended March 31, 2017 include $23.0 million related to borrowings by OneDigital. Debt service payments on the Condensed Consolidated and Combined Statement of Cash Flows for the three months ended March 31, 2017 include $3.0 million related to principal repayments by OneDigital.

**Note K — Revenue Recognition**

On January 1, 2018, we adopted ASC Topic 606 by applying the modified retrospective method. Results for reporting periods beginning after January 1, 2018 are presented under ASC Topic 606, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The adoption of ASC Topic 606 did not have a significant impact on the timing or amount of recognition of revenue for our primary sources of revenue. We recorded a cumulative effect adjustment to opening equity as of January 1, 2018 of $4.3 million as a result of the adoption of ASC Topic 606.

***Disaggregation of Revenue***

Our revenue consists of:

| | | Three months ended March 31, | |
|---|---|---|---|
| | | 2018 | 2017 |
| Revenue Stream | Segment | Total Revenue | |
| Restaurant revenue: | | (in millions) | |
| Restaurant sales | Restaurant Group | $ 259.2 | $ 259.4 |
| Bakery sales | Restaurant Group | 13.2 | 11.9 |
| Franchise and other | Restaurant Group | 1.4 | 1.4 |
| Total restaurant revenue | | 273.8 | 272.7 |
| Other operating revenue: | | | |
| T-System, point-in-time | T-System | 8.2 | — |
| T-System, over time | T-System | 8.7 | — |
| Real estate and resort | Corporate and other | 2.9 | 2.3 |
| Other | Corporate and other | 0.3 | 0.3 |
| Total other operating revenue | | 20.1 | 2.6 |
| Total revenues | | 293.9 | 275.3 |

Restaurant revenue consists of restaurant sales, bakery operations, and, to a lesser extent, franchise revenue and other revenue. Restaurant sales include food and beverage sales and gift card breakage, and are net of applicable state and local sales taxes and discounts and are recognized at a point in time as services are performed and goods are provided. Revenue from bakery operations is recognized at a point in time in the period during which the products are shipped to the customer. Franchise revenue and other revenue consist of development fees and royalties on sales by franchised units. Initial franchise fees are recognized as income upon commencement of the franchise operation and completion of all material services and conditions by the Company. Royalties are calculated as a percentage of the franchisee sales and recognized in the period in which the sales are generated. Revenue resulting from the sale of gift cards is recognized in the period in which the gift card is redeemed and is recorded as deferred revenue until recognized.

T-System recognizes revenue when a customer obtains control of the promised goods or services. The amount of revenue recognized is determined by the consideration that T-System expects to be entitled to in exchange for the goods and services.

T-System offers a software as a service solution with full-service coding ("RevCycle+") available, through contracts with customers to either provide access to its proprietary coding software platform or provide medical chart coding services. Billing for both services occurs monthly as services are provided. Billing for medical chart coding services is based on a fixed monthly fee. Revenue for RevCycle+ is recognized ratably over the term of the contract as services are consumed by the customer. Revenue for implementation and upfront training services provided to the customer, if any, are billed separately and recognized at a point in time upon completion of such services as T-System's performance obligation is considered complete.

T-System sells an electronic version of the medical documentation system (“EV”), provided in the form of a non-exclusive license to use the software at the sites under the agreement. The Company sells software licenses through recurring fixed-term or subscription fee arrangements and one-time perpetual license arrangements. Software contracts include performance obligations that are both satisfied at a point in time and over a period of time as goods and services are transferred. T-System also sells legacy medical documentation templates ("T-Sheets") to emergency care providers to be used for documentation of patient care. T-Sheets includes various optional recurring fixed-term or subscription licenses which are recognized over a period of time after access to the template has been delivered to the customer.

Other operating revenue consists of income generated by our resort operations which includes sales of real estate, lodging rentals, food and beverage sales, and other income from various resort services offered. Revenue is recognized upon closing of the sale of real estate or once goods and services have been provided and billed to the customer.

***Contract Balances***

The following table provides information about receivables and deferred revenue:

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| | (In millions) | |
| Trade receivables | $ 30.2 | $ 35.8 |
| Deferred revenue (contract liabilities) | 25.3 | 35.2 |

Deferred revenue is recorded primarily for our T-System revenue and restaurant gift card sales. The unrecognized portion of such revenue is recorded as deferred revenue in accounts payable and other accrued liabilities in the Condensed Consolidated and Combined Balance Sheets. Revenue of $16.2 million was recognized in the three months ended March 31, 2018 that was included in Deferred revenue at the beginning of the period.

***Transaction Price Allocated to the Remaining Performance Obligations***

As of March 31, 2018, approximately $34.5 million of revenue is estimated to be recognized in the future from the Company's remaining unfulfilled performance obligations, which are primarily comprised of recurring, long-term contracts of 1-5 years associated with T-System's RevCycle+ and EV contracts. This excludes the amount of anticipated recurring renewals not yet contractually obligated. The Company expects to recognize approximately 51% of our remaining performance obligations over the next 12 months, approximately another 25% over the next 13 to 24 months, and the balance thereafter.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The statements contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding our expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. It is important to note that our actual results could vary materially from those forward-looking statements contained herein due to many factors, including, but not limited to: changes in general economic, business and political conditions, including changes in the financial markets; our potential inability to find suitable acquisition candidates, acquisitions in lines of business that will not necessarily be limited to our traditional areas of focus, or difficulties in integrating acquisitions; significant competition that our operating subsidiaries face; risks associated with our Split-Off from FNF, including limitations on our strategic and operating flexibility related to the tax-free nature of the Split-Off and the Investment Company Act of 1940; our ability to complete the reorganization of our and Newport Holdings respective interests in American Blue Ribbon Holdings in the expected manner and timeframe; and other risks detailed in the "Statement Regarding Forward-Looking Information," "Risk Factors" and other sections of our Registration Statement and other filings with the SEC.

The following discussion should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2017.

### Overview

For a description of our business, including descriptions of segments and recent business developments, see the discussion under *Basis of Financial Statements* in Note A to the Condensed Consolidated and Combined Financial Statements included in Item 1 of Part I of this Report, which is incorporated by reference into this Part I, Item 2.

### Business Trends and Conditions

*Restaurant Group*

The restaurant industry is highly competitive and is often affected by changes in consumer tastes and discretionary spending patterns; changes in general economic conditions; public safety conditions or concerns; demographic trends; weather conditions; the cost of food products, labor, energy and other operating costs; and governmental regulations. Higher labor costs due to state and local minimum wage increases and shopping pattern shifts to e-commerce and "ready to eat" grocery and convenience stores have had a negative impact on restaurant performance, particularly in the casual and family dining restaurants in which the company operates.

The restaurant industry is also characterized by high capital investments for new restaurants and relatively high fixed or semi-variable restaurant operating expenses. Because of the high fixed and semi-variable expenses, changes in sales in existing restaurants are generally expected to significantly affect restaurant profitability because many restaurant costs and expenses are not expected to change at the same rate as sales. Restaurant profitability can also be negatively affected by inflationary and regulatory increases in operating costs and other factors. The most significant commodities that may affect our cost of food and beverage are beef, seafood, poultry, and dairy, which accounted for approximately half of our overall cost of food and beverage in the past. Generally, temporary increases in these costs are not passed on to guests; however, in the past, we have adjusted menu prices to compensate for increased costs of a more permanent nature.

Average weekly sales per restaurant are typically higher in the first and fourth quarters than in other quarters, and we typically generate a disproportionate share of our earnings from operations in the first and fourth quarters. Holidays, severe weather and other disruptive conditions may impact sales volumes seasonally in some operating regions.

Our revenues in future periods will continue to be subject to these and other factors that are beyond our control and, as a result, are likely to fluctuate.

*Ceridian*

Over the last several years, a number of factors have significantly affected Ceridian's results of operations, including its capital restructuring resulting from the initial acquisition by Thomas H. Lee Partners, L.P., a Delaware limited partnership ("THL") and FNFV LLC of all of the outstanding equity of the Ceridian entities that was completed on November 9, 2007 (such acquisition, the "2007 Merger"), and the related interest expense, the accounting and purchase price allocations from the 2007 Merger, the acquisition in 2012 of the Dayforce legal entities, and Ceridian's corporate restructuring following the 2013 separation of Ceridian HCM and Comdata. Other factors that have affected Ceridian's results of operations over the last several years include the levels of customer trust funds held, transaction volumes, price increases, foreign currency exchange rates, interest rates (including interest earned on customer trust funds and interest expense on debt), customer employment levels, and its cost savings initiatives. Ceridian is subject to the risks arising from adverse changes in domestic and global economic conditions. Historically low interest rates continue to adversely affect its business, having a negative impact on the interest income generated from funds held in trust for customers. Ceridian believes all of such factors may continue to significantly affect its results of operations.

*T-System*

The healthcare industry is impacted by several factors that can impact the business landscape in which T-System operates. In the past several years, health care providers have shown a preference for single IT platforms across all venues. During this same time, there has been a push for interoperability across different healthcare IT systems due to the likelihood that a single patient will have medical information from multiple health care facilities or providers. Healthcare IT systems continue to face rising costs from factors such as legislative and regulatory reform, complex reimbursement models, and difficulties in electronic data exchange. These factors may continue to impact the results of T-System's operations.

## Results of Operations

### *Consolidated Results of Operations*

*Net Earnings.* The following table presents certain financial data for the periods indicated:

| | Three months ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| | (Dollars in millions) | |
| Revenues: | | |
| Restaurant revenue | $ 273.8 | $ 272.7 |
| Other operating revenue | 20.1 | 2.6 |
| Total operating revenues | 293.9 | 275.3 |
| Operating expenses: | | |
| Cost of restaurant revenue | 240.8 | 236.1 |
| Personnel costs | 24.1 | 16.5 |
| Depreciation and amortization | 14.9 | 11.4 |
| Other operating expenses | 21.2 | 17.5 |
| Total operating expenses | 301.0 | 281.5 |
| Operating loss | (7.1) | (6.2) |
| Other income (expense): | | |
| Interest and investment income | 1.3 | 1.0 |
| Interest expense | (3.0) | (2.1) |
| Realized gains, net | — | 5.1 |
| Total other (expense) income | (1.7) | 4.0 |
| Loss from continuing operations before income taxes and equity in losses of unconsolidated affiliates | (8.8) | (2.2) |
| Income tax benefit | (4.0) | (1.8) |
| Loss from continuing operations before equity in losses of unconsolidated affiliates | (4.8) | (0.4) |
| Equity in losses of unconsolidated affiliates | (1.1) | (3.4) |
| Loss from continuing operations | (5.9) | (3.8) |
| Net earnings from discontinued operations, net of tax | — | 2.3 |
| Net loss | (5.9) | (1.5) |
| Less: Net loss attributable to non-controlling interests | (4.2) | (2.0) |
| Net (loss) earnings attributable to Cannae Holdings, Inc. common shareholders | $ (1.7) | $ 0.5 |

*Revenues.*

Total revenues increased by $18.6 million in the three months ended March 31, 2018, compared to the corresponding period in 2017.

Net (loss) earnings attributable to Cannae Holdings, Inc. decreased (increased loss) by $2.2 million in the three months ended March 31, 2018, compared to the corresponding period in 2017.

The change in revenue and net (loss) earnings is discussed in further detail at the segment level below.

*Expenses.*

Our operating expenses consist primarily of cost of restaurant revenue, personnel costs, other operating expenses, and depreciation and amortization.

Cost of restaurant revenue includes cost of food and beverage, primarily the costs of beef, groceries, produce, seafood, poultry and alcoholic and non-alcoholic beverages, net of vendor discounts and rebates, payroll and related costs and expenses directly relating to restaurant level activities, and restaurant operating costs including occupancy and other operating expenses at the restaurant level.

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees. Personnel costs that are directly attributable to the operations of the Restaurant Group are included in Cost of restaurant revenue.

Other operating expenses include professional fees, advertising costs and travel expenses.

Depreciation and amortization expense consists of our depreciation related to investments in property and equipment as well as amortization of intangible assets.

The change in expenses from our operating segments is discussed in further detail at the segment level below.

Income tax benefit was $4.0 million and $1.8 million in the three-month periods ended March 31, 2018 and 2017, respectively. Income tax benefit as a percentage of loss from continuing operations before income taxes and equity in unconsolidated affiliates was 45.5% and 81.8% for the three-month periods ended March 31, 2018 and 2017, respectively. Income tax expense as a percentage of earnings before income taxes and equity in unconsolidated affiliates fluctuates depending on our estimate of ultimate income tax liability and changes in the characteristics of net earnings, such as the weighting of operating income versus investment income. The decrease in income tax benefit as a percentage of loss from continuing operations before income taxes and equity in losses of unconsolidated affiliates from the three-month period ended March 31, 2017 to the comparable 2018 period was driven by the passage of the Tax Reform Act and the impact of permanent tax differences primarily related to wage and tip credits at the Restaurant Group and losses of unconsolidated affiliates.

Equity in losses of unconsolidated affiliates was $1.1 million and $3.4 million for the three-month periods ended March 31, 2018 and 2017, respectively. The equity in losses in 2018 and 2017 consisted primarily of net losses related to our investment in Ceridian, offset by earnings at various other unconsolidated affiliates.

***Restaurant Group***

The following table presents the results from operations of our Restaurant Group segment:

| | Three months ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| | (In millions) | |
| Revenues: | | |
| Restaurant revenue | $ 273.8 | $ 272.7 |
| Total operating revenues | 273.8 | 272.7 |
| Operating expenses: | | |
| Cost of restaurant revenue | 240.8 | 236.1 |
| Personnel costs | 12.0 | 12.9 |
| Depreciation and amortization | 10.7 | 10.8 |
| Other operating expenses | 15.9 | 15.5 |
| Total operating expenses | 279.4 | 275.3 |
| Operating loss | (5.6) | (2.6) |
| Other expense: | | |
| Interest expense | (3.7) | (1.9) |
| Total other expense | (3.7) | (1.9) |
| Loss from continuing operations before income taxes and equity in losses of unconsolidated affiliates | (9.3) | (4.5) |

Total revenues for the Restaurant group segment increased $1.1 million, or 0.4%, in the three months ended March 31, 2018 from the corresponding period in 2017. The increase was primarily driven by an increase in bakery sales.

Cost of restaurant revenue increased by $4.7 million, or 2%, in the three months ended March 31, 2018 from the corresponding period in 2017. Cost of restaurant revenue as a percentage of restaurant revenue were approximately 87.9% and 86.6% in the three months ended March 31, 2018 and 2017, respectively. The increase in cost of restaurant revenue as a percentage of restaurant revenue was primarily driven by higher bakery costs including increased costs associated with an additional production facility, higher wage rates, higher restaurant operating costs primarily resulting from an increase in utility and maintenance costs attributable to severe winter weather, and the inclusion of the revenue impact of gift card breakage in restaurant revenues rather than cost of restaurant revenues in the 2018 period resulting from the prospective adoption of a new accounting standard.

Interest expense increased $1.8 million, or 94.7%, in the three months ended March 31, 2018 from the corresponding period in 2017. The increase is attributable to a $1.2 million write-off of deferred financing costs and the replacement of ABRH's external debt with an intercompany note with us in the 2018 period.

Loss from continuing operations before income taxes increased by $4.8 million, or 106.7%, in the three months ended March 31, 2018 from the corresponding period in 2017. The increase in loss was primarily attributable to the factors discussed above.

*Comparable Store Sales.* One method we use in evaluating the performance of our restaurants is to compare sales results for restaurants period over period. A new restaurant is included in our comparable store sales figures starting in the first period following the restaurant's first seventy-eight weeks of operations. Changes in comparable store sales reflect changes in sales for the comparable store group of restaurants over a specified period of time. This measure highlights the performance of existing restaurants, as the impact of new restaurant openings is excluded. Comparable store sales for our Restaurant Group increased 0.1% in the three months ended March 31, 2018 compared to the comparable period in 2017. The increase is primarily attributable to increased comparable store sales at ABRH's 99 Restaurants, Village Inn, and Baker's Square brands, partially offset by a decrease in comparable store sales at O'Charley's.

***Ceridian***

As of March 31, 2018, we own a 33% economic interest in Ceridian, which operates through its subsidiary, Ceridian HCM. Ceridian HCM is a global company that offers a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance and work-life programs, and recruitment and applicant screening. Its technology-based services are typically provided through long-term customer relationships that result in a high level of recurring revenue. Its operations are primarily located in the U.S. and Canada. Ceridian HCM's business has transformed from a legacy service-bureau model into a cloud-based provider model, and in the second half of 2016, Cloud revenue surpassed bureau revenue for the first time. Ceridian HCM's flagship cloud platform, Dayforce, is a cloud solution that meets HCM needs with one employee record and one user experience throughout the application. Built on a single database, Dayforce enables organizations to process payroll, maintain human resources records, manage benefits enrollment, schedule staff, and find and hire the right people, while monitoring compliance throughout the employee life cycle. We account for our investment in Ceridian under the equity method of accounting; therefore, its results of operations do not consolidate into ours.

***T-System***

We acquired T-System on October 16, 2017. The following table presents the results from operations of our T-System segment:

| | Three months ended March 31, 2018 (In millions) |
|---|---|
| Revenues: | |
| Other operating revenue | $ 16.9 |
| Total operating revenues | 16.9 |
| Operating expenses: | |
| Personnel costs | 8.9 |
| Depreciation and amortization | 4.2 |
| Other operating expenses | 3.7 |
| Total operating expenses | 16.8 |
| Operating income | 0.1 |
| Earnings from continuing operations before income taxes and equity in losses of unconsolidated affiliates | $ 0.1 |

***Corporate and Other***

The Corporate and Other segment consists of certain other unallocated corporate overhead expenses, and other smaller investments.

The Corporate and Other segment generated revenues of $3.2 million and $2.6 million for the three months ended March 31, 2018 and 2017, respectively. The increase was primarily driven by an increase in resort rental income.

Other operating expenses were $1.6 million and $2.0 million for the three months ended March 31, 2018 and 2017, respectively. The decrease is primarily attributable to lower corporate overhead costs.

Personnel costs were $3.2 million and $3.6 million for the three months ended March 31, 2018 and 2017, respectively. The decrease is primarily attributable to lower personnel costs at our corporate offices.

Interest income (expense) was $0.7 million and $(0.2) million for the three months ended March 31, 2018 and 2017, respectively. The decrease in expense (increase in income) is attributable to intercompany eliminations associated with the replacement of ABRH's external debt with an intercompany note with us.

This segment generated pretax earnings of $0.4 million and $2.3 million for the three months ended March 31, 2018 and 2017, respectively. The decrease in earnings is attributable to the aforementioned changes in revenues and expenses as well as $5.1 million of realized gains associated with sales of equity investment securities in the 2017 period.

***Discontinued Operations***

As a result of the sale of OneDigital, the financial results of OneDigital have been reclassified to discontinued operations for the three months ended March 31, 2017. Earnings from discontinued operations were $2.3 million for the three months ended March 31, 2017. Refer to Note J. *Discontinued Operations* to our Condensed Consolidated and Combined Financial Statements in Item 1 of Part I of this Quarterly Report for further information.

**Liquidity and Capital Resources**

*Cash Requirements.* Our current cash requirements include personnel costs, operating expenses, taxes, payments of interest and principal on our debt, capital expenditures, business acquisitions, and stock repurchases. There are no restrictions on our retained earnings regarding our ability to pay dividends to stockholders, although there are limits on the ability of certain subsidiaries to pay dividends to us, as a result of provisions in certain debt agreements. The declaration of any future dividends is at the discretion of our Board of Directors. Additional uses of cash flow are expected to include stock repurchases, acquisitions, and debt repayments.

We continually assess our capital allocation strategy, including decisions relating to reducing debt, repurchasing our stock, and/or conserving cash. We believe that all anticipated cash requirements for current operations will be met from internally generated funds, through cash generated by investment securities, potential sales of non-strategic assets, and borrowings on existing credit facilities. Our short-term and long-term liquidity requirements are monitored regularly to ensure that we can meet our cash requirements. We forecast the needs of all of our subsidiaries and periodically review their short-term and long-term projected sources and uses of funds, as well as the asset, liability, investment and cash flow assumptions underlying such forecasts.

We are focused on evaluating our assets and investments as potential vehicles for creating liquidity. Our intent is to use that liquidity for general corporate purposes, including potentially reducing debt, repurchasing shares of our stock, other strategic initiatives and/or conserving cash.

On May 7, 2018, the Compensation Committee of the Board of Directors approved a success bonus of up to $67.1 million resulting from the successful Ceridian IPO. The success bonus will be payable to certain members of the Board of Directors and management who contributed to acquiring and growing Ceridian over Cannae’s and its predecessor’s ten year ownership of Ceridian and is expected to be paid in a combination of cash and stock.

*Operating Cash Flow*. Our cash flows (used in) provided by operations for the three months ended March 31, 2018 and 2017 totaled $(11.3) million and $13.4 million, respectively. The decrease in cash provided by (increase in cash used in) operations of $24.7 million is primarily attributable to $8.1 million of operating cash flows from discontinued operations in the 2017 period and the timing of payment and receipt of accounts payable and receivable.

*Investing Cash Flows.* Our cash (used in) provided by investing activities for the three months ended March 31, 2018 and 2017 were $(6.4) million and $3.6 million, respectively. The decrease in cash provided by (increase in cash used in) investing activities of $10.0 million from the 2018 period to the 2017 period is primarily attributable to lower sales of available for sale securities of $13.9 million, offset by lower capital expenditures of $3.4 million.

*Capital Expenditures.* Total capital expenditures for property and equipment and other intangible assets were $3.1 million and $6.5 million for the three-month periods ended March 31, 2018 and 2017, respectively. Capital expenditures in the 2018 period primarily consist of purchases of property, equipment and software in our Restaurant Group segment. The decrease in expenditures in the 2018 period from the 2017 period is reflective of a decrease in spending in our Restaurant Group segment and decreased spending at OneDigital due to its sale in the middle of the 2017 period.

*Financing Cash Flows.* Our cash flows (used in) provided by financing activities for the three months ended March 31, 2018 and 2017 were $(123.7) million and $22.7 million, respectively. The increase in cash used in (decrease in cash provided by) financing activities of $146.4 million from the 2018 period to the 2017 period is primarily attributable to the payoff of ABRH's external debt and decreased borrowings in the 2018 period.

*Financing Arrangements.* For a description of our financing arrangements see Note F. *Notes Payable* included in Item 1 of Part 1 of this Quarterly Report, which is incorporated by reference into this Item 2 of Part I.

*Seasonality.* There have been no material changes to the seasonality experienced in our businesses from those described for the period as of and for the year ended December 31, 2017 included in our Annual Report on Form 10-K.

*Contractual Obligations.* Our long term contractual obligations generally include our credit agreements and other debt facilities, operating lease payments on certain of our premises and equipment and purchase obligations of the Restaurant Group.

Purchase obligations include agreements to purchase goods or services that are enforceable, are legally binding and specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. The Restaurant Group has unconditional purchase obligations with various vendors, primarily related to food and beverage obligations with fixed commitments in regards to the time period of the contract and the quantities purchased with annual price adjustments that can fluctuate. Future purchase obligations are estimated by assuming historical purchase activity over the remaining, non-cancellable terms of the various agreements. For agreements with minimum purchase obligations, at least the minimum amounts we are legally required to purchase are included. These agreements do not include fixed delivery terms. We used both historical and projected volume and pricing as of March 31, 2018 to determine the amount of the obligations.

As of March 31, 2018, our required annual payments relating to these contractual obligations were as follows:

| | 2018 | 2019 | 2020 | 2021 | 2022 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| | | | | (In millions) | | | |
| Notes payable | $ 1.1 | $ 0.5 | $ 0.4 | $ 0.4 | $ 0.4 | $ 9.8 | $ 12.6 |
| Operating lease payments | 46.4 | 58.2 | 51.8 | 44.8 | 34.0 | 135.8 | 371.0 |
| Unconditional purchase obligations | 167.9 | 28.7 | 17.0 | 4.3 | 3.3 | 3.6 | 224.8 |
| Total | $ 215.4 | $ 87.4 | $ 69.2 | $ 49.5 | $ 37.7 | $ 149.2 | $ 608.4 |

*Capital Stock Transactions*. None.

*Equity Security Investments.* During the three months ended March 31, 2018, we sold the remainder of our equity securities holdings for gross proceeds of $17.7 million, resulting in net realized gains of less than $0.1 million.

*Off-Balance Sheet Arrangements.* We do not engage in off-balance sheet activities other than facility and equipment operating leasing arrangements.

**Critical Accounting Policies**

There have been no material changes to our critical accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2017.

**Item 3. Quantitative and Qualitative Disclosure about Market Risk**

There have been no material changes in the market risks described in our Annual Report on Form 10-K for the year ended December 31, 2017.

**Item 4. Controls and Procedures**

*a.* *Evaluation of disclosure controls and procedures*. The Company's principal executive officer and principal financial officer have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) as of the end of the period covered by this quarterly report. Based on that evaluation, the Company's principal executive officer and principal financial officer concluded that, as of the end of the period covered by this quarterly report, the Company's disclosure controls and procedures were effective. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the President (Principal Executive Officer) and Chief Financial Officer, to allow timely decisions regarding required disclosure.

*b.* *Changes in internal controls*. There were no changes in the Company's internal control over financial reporting that occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Part II: OTHER INFORMATION

### Item 1. Legal Proceedings

See discussion of legal proceedings in Note G. *Commitments and Contingencies* to the Condensed Consolidated and Combined Financial Statements included in Item 1 of Part I of this Quarterly Report, which is incorporated by reference into this Item 1 of Part II.

### Item 1A. *Risk Factors*

There has been no material change in our risk factors since December 31, 2017. Refer to our 2017 Annual Report on Form 10-K for the year ended December 31, 2017.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 6. Exhibits

(a) Exhibits:

**EXHIBIT INDEX**

| | |
|---|---|
| 10.1 | Master Assignment and Assumption, dated as of March 13, 2018, by and between Cannae Holdings, LLC as the assignee, Wells Fargo Bank, N.A. as assignor, and other assignors party thereto (filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed March 26, 2018) |
| 10.2 | Agency Succession Agreement, dated as of March 13, 2018, by and between Cannae Holdings, LLC and Wells Fargo Bank, N.A. (filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed March 26, 2018) |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification by Chief Executive Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. |
| 32.2 | Certification by Chief Financial Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. |
| 101 | The following materials from Cannae Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Earnings, (iii) the Condensed Consolidated Statements of Comprehensive Earnings, (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to the Consolidated Financial Statements. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | |
|---|---|
| Date: May 10, 2018 | CANNAE HOLDINGS, INC.<br>(registrant) |
| | By: */s/ Richard L. Cox* |
| | Richard L. Cox |
| | Executive Vice President and Chief Financial Officer<br>(Principal Financial and Accounting Officer) |

**Exhibit 31.1**

**CERTIFICATIONS**

I, Brent B. Bickett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cannae Holdings, 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)) 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 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: May 10, 2018

By: */s/ Brent B. Bickett*

Brent B. Bickett
President (Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATIONS**

I, Richard L. Cox, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cannae Holdings, 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)) 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 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: May 10, 2018

By: /s/ Richard L. Cox

Richard L. Cox
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350**

The undersigned hereby certifies that he is the duly appointed and acting Chief Executive Officer of Cannae Holdings, Inc., a Delaware corporation (the “Company”), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: May 10, 2018

By: *<u>/s/ Brent B. Bickett</u>*
Brent B. Bickett
President (Principal Executive Officer)

**Exhibit 32.2**

**CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350**

The undersigned hereby certifies that he is the duly appointed and acting Chief Financial Officer of Cannae Holdings, Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: May 10, 2018

By: */s/ Richard L. Cox*

Richard L. Cox

Chief Financial Officer