

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue				
Services	\$ 574.8	\$ 613.8	\$ 1,160.1	\$ 1,208.9
Technology	91.4	135.1	170.6	206.8
	<u>666.2</u>	<u>748.9</u>	<u>1,330.7</u>	<u>1,415.7</u>
Costs and expenses				
Cost of revenue:				
Services	526.7	529.1	1,031.2	1,062.8
Technology	37.0	41.5	76.8	76.1
	<u>563.7</u>	<u>570.6</u>	<u>1,108.0</u>	<u>1,138.9</u>
Selling, general and administrative	114.2	115.7	223.3	225.8
Research and development	13.1	13.1	26.9	29.1
	<u>691.0</u>	<u>699.4</u>	<u>1,358.2</u>	<u>1,393.8</u>
Operating profit (loss)	(24.8)	49.5	(27.5)	21.9
Interest expense	14.3	7.8	20.0	12.2
Other income (expense), net	(3.2)	2.6	(11.6)	1.4
Income (loss) before income taxes	(42.3)	44.3	(59.1)	11.1
Provision (benefit) for income taxes	(3.8)	18.8	9.1	24.3
Consolidated net income (loss)	(38.5)	25.5	(68.2)	(13.2)
Net income attributable to noncontrolling interests	3.5	3.9	6.5	5.1
Net income (loss) attributable to Unisys Corporation common shareholders	\$ (42.0)	\$ 21.6	\$ (74.7)	\$ (18.3)
Earnings (loss) per share attributable to Unisys Corporation				
Basic	\$ (0.83)	\$ 0.43	\$ (1.48)	\$ (0.37)
Diluted	\$ (0.83)	\$ 0.36	\$ (1.48)	\$ (0.37)
Shares used in the per share computations (in thousands):				
Basic	50,437	50,069	50,346	50,036
Diluted	50,437	71,786	50,346	50,036

UNISYS CORPORATION
SEGMENT RESULTS
(Unaudited)
(Millions)

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended June 30, 2017				
Customer revenue	\$ 666.2		\$ 574.8	\$ 91.4
Intersegment		\$ (5.4)	—	5.4
Total revenue	<u>\$ 666.2</u>	<u>\$ (5.4)</u>	<u>\$ 574.8</u>	<u>\$ 96.8</u>
Gross profit percent	<u>15.4 %</u>		<u>14.1 %</u>	<u>58.8 %</u>
Operating profit (loss) percent	<u>(3.7)%</u>		<u>(1.6)%</u>	<u>35.5 %</u>
Three Months Ended June 30, 2016				
Customer revenue	\$ 748.9		\$ 613.8	\$ 135.1
Intersegment		\$ (5.9)	—	5.9
Total revenue	<u>\$ 748.9</u>	<u>\$ (5.9)</u>	<u>\$ 613.8</u>	<u>\$ 141.0</u>
Gross profit percent	<u>23.8 %</u>		<u>16.8 %</u>	<u>66.9 %</u>
Operating profit percent	<u>6.6 %</u>		<u>2.1 %</u>	<u>48.0 %</u>
	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Six Months Ended June 30, 2017				
Customer revenue	\$ 1,330.7		\$ 1,160.1	\$ 170.6
Intersegment		\$ (10.7)	—	10.7
Total revenue	<u>\$ 1,330.7</u>	<u>\$ (10.7)</u>	<u>\$ 1,160.1</u>	<u>\$ 181.3</u>
Gross profit percent	<u>16.7 %</u>		<u>16.2 %</u>	<u>53.1 %</u>
Operating profit (loss) percent	<u>(2.1)%</u>		<u>1.5 %</u>	<u>26.1 %</u>
Six Months Ended June 30, 2016				
Customer revenue	\$ 1,415.7		\$ 1,208.9	\$ 206.8
Intersegment		\$ (11.5)	—	11.5
Total revenue	<u>\$ 1,415.7</u>	<u>\$ (11.5)</u>	<u>\$ 1,208.9</u>	<u>\$ 218.3</u>
Gross profit percent	<u>19.6 %</u>		<u>15.5 %</u>	<u>60.4 %</u>
Operating profit percent	<u>1.5 %</u>		<u>1.4 %</u>	<u>37.4 %</u>

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 571.1	\$ 370.6
Accounts and notes receivable, net	573.9	505.8
Inventories:		
Parts and finished equipment	17.1	14.0
Work in process and materials	15.3	15.0
Prepaid expenses and other current assets	135.1	121.9
Total	<u>1,312.5</u>	<u>1,027.3</u>
Properties	908.9	886.6
Less-Accumulated depreciation and amortization	757.5	741.3
Properties, net	151.4	145.3
Outsourcing assets, net	178.1	172.5
Marketable software, net	134.0	137.0
Prepaid postretirement assets	42.6	33.3
Deferred income taxes	149.9	146.1
Goodwill	180.0	178.6
Restricted cash	19.1	30.5 *
Other long-term assets	151.3	151.0 *
Total	<u>\$ 2,318.9</u>	<u>\$ 2,021.6</u>
Liabilities and deficit		
Current liabilities		
Current maturities of long-term-debt	\$ 11.3	\$ 106.0
Accounts payable	199.0	189.0
Deferred revenue	346.6	337.4
Other accrued liabilities	329.1	349.2
Total	<u>886.0</u>	<u>981.6</u>
Long-term debt	629.8	194.0
Long-term postretirement liabilities	2,230.3	2,292.6
Long-term deferred revenue	116.3	117.6
Other long-term liabilities	86.6	83.2
Commitments and contingencies		
Total deficit	(1,630.1)	(1,647.4)
Total	<u>\$ 2,318.9</u>	<u>\$ 2,021.6</u>

* Certain amounts have been reclassified to conform to the current-year presentation.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Millions)

	Six Months Ended	
	June 30,	
	2017	2016
Cash flows from operating activities		
Consolidated net loss	\$ (68.2)	\$ (13.2)
Adjustments to reconcile consolidated net loss to net cash provided by (used for) operating activities:		
Foreign currency transaction losses	5.1	0.4
Non-cash interest expense	4.4	2.8
Loss on debt extinguishment	1.5	—
Employee stock compensation	6.2	5.3
Depreciation and amortization of properties	19.8	19.3
Depreciation and amortization of outsourcing assets	26.3	25.7
Amortization of marketable software	31.8	32.4
Other non-cash operating activities	2.5	1.0
Loss on disposal of capital assets	4.2	1.6
Pension contributions	(71.2)	(64.1)
Pension expense	45.8	41.8
Increase in deferred income taxes, net	(0.4)	(9.7)
Changes in operating assets and liabilities		
(Increase) decrease in receivables, net	(57.4)	24.9
(Increase) decrease in inventories	(2.6)	5.8
Decrease in accounts payable and other accrued liabilities	(28.3)	(35.6)
(Decrease) increase in other liabilities	(8.6)	12.3
(Increase) decrease in other assets	(1.1)	6.2
Net cash (used for) provided by operating activities	(90.2)	56.9
Cash flows from investing activities		
Proceeds from investments	2,502.0	2,236.8
Purchases of investments	(2,487.1)	(2,238.0)
Investment in marketable software	(28.8)	(30.2)
Capital additions of properties	(15.9)	(11.0)
Capital additions of outsourcing assets	(36.9)	(28.8)
Other	(0.3)	(0.2)
Net cash used for investing activities	(67.0)	(71.4)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	445.0	213.5
Payments for capped call transactions	—	(27.3)
Issuance costs relating to long-term debt	(11.7)	(7.3)
Payments of long-term debt	(97.7)	(1.3)
Payments of short-term borrowings	—	(65.8)
Other	(2.1)	(0.4)
Net cash provided by financing activities	333.5	111.4
Effect of exchange rate changes on cash, cash equivalents and restricted cash	12.8	0.1
Increase in cash, cash equivalents and restricted cash	189.1	97.0
Cash, cash equivalents and restricted cash, beginning of period	401.1	396.8
Cash, cash equivalents and restricted cash, end of period	\$ 590.2	\$ 493.8

UNISYS CORPORATION
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES
(Unaudited)
(Millions, except per share data)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2017	2016	2017	2016
GAAP net income (loss) attributable to Unisys Corporation common shareholders	\$ (42.0)	\$ 21.6	\$ (74.7)	\$ (18.3)
Cost reduction and other expense:				
pretax	29.0	10.2	54.4	37.1
tax (benefit) provision	(8.5)	0.1	(9.0)	(2.1)
net of tax	20.5	10.3	45.4	35.0
Pension expense:				
pretax	21.3	21.5	45.8	41.8
tax provision	1.6	0.3	1.8	0.6
net of tax	22.9	21.8	47.6	42.4
Non-GAAP net income attributable to Unisys Corporation common shareholders	1.4	53.7	18.3	59.1
Add interest expense on convertible notes	—	4.5	—	5.2
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share	\$ 1.4	\$ 58.2	\$ 18.3	\$ 64.3
Weighted average shares (thousands)	50,437	50,069	50,346	50,036
Plus incremental shares from assumed conversion:				
Employee stock plans	295	167	341	150
Convertible notes	—	21,550	—	12,593
Non-GAAP adjusted weighted average shares	50,732	71,786	50,687	62,779
Diluted earnings (loss) per share				
GAAP basis				
GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share	\$ (42.0)	\$ 26.1	\$ (74.7)	\$ (18.3)
Divided by adjusted weighted average shares	50,437	71,786	50,346	50,036
GAAP diluted earnings (loss) per share	\$ (0.83)	\$ 0.36	\$ (1.48)	\$ (0.37)
Non-GAAP basis				
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share	\$ 1.4	\$ 58.2	\$ 18.3	\$ 64.3

UNISYS CORPORATION
RECONCILIATION OF GAAP OPERATING PROFIT TO NON-GAAP OPERATING PROFIT
(Unaudited)
(Millions)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2017	2016	2017	2016
GAAP operating profit (loss)	\$ (24.8)	\$ 49.5	\$ (27.5)	\$ 21.9
Cost reduction and other expense	27.8	10.2	47.9	37.1
FAS87 pension expense	21.3	21.5	45.8	41.8
Non-GAAP operating profit	\$ 24.3	\$ 81.2	\$ 66.2	\$ 100.8
Customer revenue	\$ 666.2	\$ 748.9	\$ 1,330.7	\$ 1,415.7
GAAP operating profit (loss) %	(3.7)%	6.6 %	(2.1)%	1.5 %
Non-GAAP operating profit %	3.6 %	10.8 %	5.0 %	7.1 %

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
(Unaudited)
(Millions)

FREE CASH FLOW

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2017	2016	2017	2016
Cash (used for) provided by operations	\$ (49.2)	\$ 31.0	\$ (90.2)	\$ 56.9
Additions to marketable software	(15.0)	(15.9)	(28.8)	(30.2)
Additions to properties	(7.4)	(4.4)	(15.9)	(11.0)
Additions to outsourcing assets	(24.0)	(13.7)	(36.9)	(28.8)
Free cash flow	(95.6)	(3.0)	(171.8)	(13.1)
Pension funding	42.3	32.5	71.2	64.1
Cost reduction and other payments	7.6	21.2	28.8	39.2
Adjusted free cash flow	\$ (45.7)	\$ 50.7	\$ (71.8)	\$ 90.2

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
(Unaudited)
(Millions)

EBITDA

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2017	2016	2017	2016
Net income (loss) attributable to Unisys Corporation common shareholders	\$ (42.0)	\$ 21.6	\$ (74.7)	\$ (18.3)
Net income attributable to noncontrolling interests	3.5	3.9	6.5	5.1
Interest expense, net of interest income of \$2.2, \$3.1, \$4.6, \$5.6, respectively*	12.1	4.7	15.4	6.6
(Benefit) provision for income taxes	(3.8)	18.8	9.1	24.3
Depreciation	23.1	24.3	46.1	45.0
Amortization	16.1	16.0	31.8	32.4
EBITDA	\$ 9.0	\$ 89.3	\$ 34.2	\$ 95.1
Pension expense	21.3	21.5	45.8	41.8
Cost reduction and other expense	29.0	10.2	54.4	37.1
Non-cash share based expense	2.5	2.1	6.2	5.3
Other (income) expense adjustment**	4.1	0.5	9.6	4.2
Adjusted EBITDA	\$ 65.9	\$ 123.6	\$ 150.2	\$ 183.5

* Included in Other (income) expense, net on the Consolidated Statements of Income

** Other (income) expense, net as reported on the Consolidated Statements of Income less Interest income and items included in cost reduction and other expense