Thank you, operator. Good afternoon everyone, and thank you for joining us.

Earlier today, Unisys released its third quarter 2012 financial results. With us this afternoon to discuss our results are Ed Coleman, our CEO, and Janet Haugen, our CFO. Before we begin, I want to cover a few housekeeping details.

First, today's conference call and the Q&A session are being webcast via the Unisys investor website.

Second, you can find the earnings press release and the presentation slides that we will be using this afternoon to guide our discussion on our investor website. These materials are available for viewing as well as downloading and printing.

Third, today's presentation, which is complementary to the earnings press release, includes some non-GAAP financial measures. These have been provided in an effort to give investors additional information. The non-GAAP measures have been reconciled to the related GAAP measures and we have provided reconciliation charts at the end of the presentation.

Finally, I'd like to remind you that all forward-looking statements made during this conference call are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. These factors are discussed more fully in the earnings release and in the company's SEC filings. Copies of these SEC reports are available from the SEC and from the Unisys Investor website.

Now I'd like to turn the call over to Ed.

Ed Coleman, Chairman & CEO

Thanks, Niels. Hello, everyone, and thank you for joining us today to discuss our third-quarter 2012 financial results.

Please turn to Page 4 of the presentation to begin our discussion.

Following strong results in the first half of the year, our third-quarter results were impacted by softer demand in our services business, particularly for shorter-term project business sold and billed within the quarter. We also saw lower revenue in our U.S. Federal business as we continue to work through softness in that market.

The lower services revenue contributed to a 14 percent overall revenue decline in the quarter. On a constant currency basis, our revenue was down 10 percent after being up three percent in the first half of the year.

Although services revenue was down, new services order signings, measured in constant currency, were flat year-over-year.

At the bottom line, our results were impacted by higher pension expense and debt reduction charges, which led to a third-quarter net loss of $12.4 million, or 28 cents per diluted share.

On an operating basis, we remained solidly profitable, reporting operating profit of $61 million in the quarter. Excluding debt reduction charges and pension expense, our non-GAAP diluted earnings per share was 85 cents compared with $1.77 in the third quarter of 2011.

Despite the lower profit in the third quarter, through the first nine months of the year we have increased our profitability over the same period of 2011. Free cash flow excluding pension contributions was also up significantly year-to-date, as Janet will show when she goes through her remarks.

Turning to Page 5 … we saw important points of continued progress within the quarter.

We grew revenue in our international business on a constant currency basis and continued to show good cost discipline across the company.

Our technology business delivered a strong margin performance in the quarter and I continue to be encouraged by the progress we've made in our flagship ClearPath business. Through the first nine months of 2012, our ClearPath revenue was up 3 percent year-over-year, building on the progress we've made in stabilizing this revenue and reaffirming ClearPath's leadership role in mission-critical computing.

In our services business, we continued to enhance our reputation as a leader in the market for end user outsourcing and support services. Over the past four years we have won an average of one new IT outsourcing client each month, and that string of successes continued in the third quarter with significant wins with new clients such as Royal DSM and Nutreco, both in Europe.

We were also pleased to be positioned in the Leaders quadrant in Gartner's 2012 Magic Quadrant for Help Desk Outsourcing Services in North America ... and to be positioned for the first time in the Challengers Quadrant for Gartner's 2012 Desktop Outsourcing and Help Desk Outsourcing Magic Quadrant for Europe.

In our systems integration business, we continue to do innovative project work in growing markets, such as airport modernization. During the quarter we completed a year-long project to modernize the core operational systems at China's Chengdu Airport. We also led the overall systems integration and interface design for the new Terminal 2 at Chengdu.

In Colombia, we provided project management services for the new terminal at Bogota's El Dorado airport. This new terminal is said to be the most modern in Latin America.

From a balance sheet perspective, during the quarter we eliminated our remaining high-interest debt through a combination of debt extinguishment and refinancing actions and met – more than a year early – our year-end 2013 goal to reduce debt by 75 percent from September 2010 levels.

Since the end of 2008, we have reduced our debt by about $1 billion – a major milestone for the company. These actions have enabled us to significantly cut our annualized interest expense while strengthening our financial profile in the marketplace.

Moving to Page 6 … going forward, we continue to focus on closing orders and driving profitable revenue growth.
We are encouraged by a solid and growing pipeline of opportunities in strategic growth areas such as end user and data center outsourcing, cloud computing, and security.

We are also encouraged by the reception we’ve seen for our recently announced products and solutions.

In our technology business, we announced new models of our flagship ClearPath family that deliver high-end mainframe performance, security and reliability on an Intel Xeon-based platform. These new platforms are key to our long-term strategy to extend the market for ClearPath, which we believe is the most secure, reliable and open mission-critical computing environment in the industry.

From a services perspective, we were pleased to receive a number of awards during the quarter from clients and partners recognizing Unisys for our service delivery excellence – such as a second consecutive “Best Fit Integrator Award” recognizing our work with Los Angeles County Department of Public Social Services to web- and mobile-enable the agency’s eligibility assistance applications.

As I’ve said in the past, I’m a firm believer that the only true, sustainable differentiator in a services business is the quality of your services and solutions as perceived by the customer. These awards validate the progress we’ve made in providing world-class levels of service and support.

In our U.S. Federal government business, we are encouraged by a number of exciting recent wins as we continue to reposition the business to capitalize on emerging areas of opportunity in that marketplace.

During the quarter we won a task order from the U.S. Department of Homeland Security potentially worth up to $504 million over five years to continue and expand the services we provide to the TASPO – Targeting and Analysis Systems Program Office. We booked about $95 million in orders in the quarter for the base year of the contract.

Earlier in the quarter, we won a contract potentially worth up to $139 million over 10 years from the Internal Revenue Service for private cloud-based delivery of storage services. This win is significant not only because it is new business for Unisys, but also because it takes advantage of a growing requirement by Federal agencies to save money and increase their flexibility by accessing storage and other IT services on an on-demand, as-needed basis.

A few weeks ago we won a contract from the U.S. National Archives and Records Administration, a new Unisys client, to migrate 4,500 users to a cloud-based email and collaboration environment based on Google Apps for Government. This contract builds on successful cloud-based migration projects that we've done for the GSA, the Department of Energy's Idaho National Laboratories, and the National Oceanic and Atmospheric Administration.

In addition, the General Services Administration awarded us a task order to consolidate and upgrade mission-critical databases and middleware for the Federal Acquisition Service – and to evaluate moving those applications to the cloud.

While we have more work to do to return our Federal business to growth, we're encouraged by the progress we're making.

Turning to Page 7, our strategy at Unisys – which you can see summarized on this slide – is to be a provider of mission-critical solutions in our four areas of strength – security; data center transformation and outsourcing, which includes our ClearPath business; end user outsourcing and support services; and application modernization and outsourcing – all of which are designed to deliver a safer and more secure connected world.

We deliver these capabilities through our outsourcing, and systems integration services, and technology.

We see growth opportunities in the market driven by disruptive trends in areas such as cloud computing, mobility, and cybersecurity, all areas where we are investing to enhance our portfolio.

As a result of the work we've done, we've a significantly improved cost structure and strengthened our financial profile.

We have a strong and revitalized portfolio of services and products that meet growing areas of client need for mission-critical computing, end user support, mobility, cloud and cybersecurity.

We have a satisfied client base, a growing reputation for service excellence, and a solid and growing pipeline of opportunities to build on.

We are confident in our strategy and focused on building on the progress we’ve made.

Thanks again for joining us today. Now, here’s Janet to take you through our results in more detail, and then we will be happy to take your questions.

Janet Haugen, CFO

Thanks, Ed. Hello, everyone. Let me start with our overall third quarter 2012 financial results. Please turn to Page 9.

At the top line, we reported revenue of $877 million in the quarter, which was down 14 percent year-over-year. Currency had a 4 percentage point negative impact on our revenue in the quarter so, on a constant currency basis, revenue declined 10 percent, particularly impacted by lower services revenue.

Year-to-date, our revenue of over $2.7 billion was down 5 percent, down 2 percent on a constant currency basis. Based on today’s rates, we anticipate currency to have about a one-half percentage-point negative impact on revenue in the fourth quarter of 2012 compared to the fourth quarter of 2011.

Interest expense decreased by more than a third from $12.5 million in the third quarter of 2011 to $7.8 million in the third quarter of 2012 reflecting the impact of our debt reductions. As a result of the debt reductions and the recent refinancing, we have reduced our annual interest expense from about $102 million in 2010 to approximately $10 million going forward. The fourth quarter of 2012 represents the first quarter at this new run rate.

Other income/expense for the third quarter of 2012 was $25.8 million of other expense, which included $23.1 million related to debt reduction charges and $3.4 million of expense associated with unfavorable currency impacts in the quarter.

This compares to $16.6 million of other income in the year ago quarter. The year-over-year negative swing of $42.4 million was primarily caused by $23 million of increased debt reduction charges and the difference between foreign exchange gains a year ago and losses in this quarter. In the third quarter of 2012, there were $3.4 million of FX losses. In the third quarter of 2011, there were $12.9 million of foreign exchange gains in the quarter.

Our third quarter 2012 U.S. GAAP pension expense increased to $29.9 million from $8.5 million in the third quarter of 2011. Within the income statement, pension expense is allocated to cost of revenue, SG&A, and R&D on the same basis as the salaries of active employees. Pension expense is not included in the segment results. We expect approximately $107 million in pension expense in 2012, compared with pension expense of about $34 million in 2011.
For the third quarter of 2012, pre-tax income was $27.6 million compared to $117.1 million in the third quarter of 2011. Excluding the impact of pension expense and debt reduction charges in both years, our non-GAAP pre-tax income was $80.6 million compared to $125.7 million of non-GAAP pretax income last year.

For the first nine months of 2012, pre-tax income was $144.7 million compared to $94.7 million in the same period during 2011. Excluding the impact of the pension expense and the debt reduction charges in both years, as well as the charge related to a Brazilian non-income tax case in 2011, our non-GAAP pre-tax income was $252.0 million for the first nine months of 2012 up compared to $212.0 million of non-GAAP pretax income in 2011.

At the tax line, we had a $32.7 million tax provision in the quarter compared with $33.4 million tax provision in the year ago quarter on lower pre-tax profitability. As I have said previously, our tax provision continues to be highly variable from quarter to quarter depending on the geographic distribution of our income. However, in addition to the more typical volatility we see based on the geographic distribution of our income, the third quarter of 2012 included the impact of the previously disclosed change in the UK corporate tax rates which became effective in the third quarter and drove a $9.2 million increase in the tax provision due to the impact of the lower tax rate on our net deferred tax assets in the UK.

We reported a net loss of $12.4 million in the quarter, versus net income of $78.6 million in the year ago quarter. Excluding the impact of pension expense and debt reduction charges in both years, our non-GAAP net income was $43.6 million for the third quarter 2012 compared to $89.7 million of non-GAAP net income in the third quarter of last year.

For the first nine months of 2012, net income was $47.6 million compared to $26.2 million for the first nine months of 2011. Excluding the impact of pension expense and debt reduction charges in both years and the charge related to a Brazilian non-income tax case in 2011, our non-GAAP net income was $165.3 million in 2012 up compared to $143.5 million in 2011.

Our third quarter 2012 diluted earnings per common share was a loss of 28 cents per share compared to an income of $1.63 in the year-ago quarter. For the first nine months of 2012, diluted earnings per common share rose to $1.08 per share from 60 cents per share a year ago.

Excluding the impact of the debt reduction charges and pension expense, our third quarter 2012 non-GAAP diluted EPS was 85 cents per share compared to $1.77 in the third quarter of 2011. Excluding the impact of pension expense and debt reduction charges in both years, as well as the charge related to a Brazilian non-income tax case in 2011, our year-to-date, non-GAAP diluted EPS was $3.23 per share for the first nine months of 2012 compared to $2.93 for the same period in 2011.

Please turn to Page 10 for some context on the progress we have made in recent years in the terms of strengthening our operating profitability. This chart shows a view of our trailing twelve month operating profit excluding the impact of pension expense. Our operating profitability, excluding the impact of pension income/expense, continued to trend up over the longer term as a result of our improving business mix and sustained cost control efforts. We recognize we still have work to do to achieve consistent and predictable profitability each quarter.

Moving to our third-quarter revenue please turn to Page 11. Services revenue, which represented 85 percent of our revenue in the third quarter of 2012, declined 15 percent year-over-year. Currency had a 5 percentage point negative impact in the quarter so services revenue declined 10 percent on a constant currency basis. Services revenue declined 5 percent year-over-year for the first nine months of 2012; 2 percent on a constant currency basis.

Technology revenue, which accounted for 15 percent of our total revenue, declined 10 percent year-over-year, 6 percent on a constant currency basis. Technology revenue declined 3 percent year-over-year for the first nine months of 2012; but was up 1 percent on a constant currency basis.

Page 12, you can see services revenue and margins.

On our last earnings call, we provided the amount of opening services backlog for this quarter. We also provided the range that opening backlog has represented of a given quarter’s services revenue over the previous six quarters. The third quarter services revenue of $748 million was at the low end of the range implied by the amount of revenue in opening backlog at the start of the quarter and considering our typical volume of sell-and-bill revenue in the quarter. As Ed mentioned, we saw lower than expected sell-and-bill revenue in the third quarter, particularly ITO and systems integration project revenue. Moving on to Technology revenue and margins on Page 13, Enterprise Class Software and Server revenue was stable year-over-year while sales of Other Technology, all of which is third party product, declined by $14.5 million. Our annual goal is to maintain stable Technology revenue, most importantly in our flagship ClearPath platform which is the largest component of our Enterprise Software and Server business. For the first nine months of 2012, our technology revenue was up on a constant currency basis. Additionally, ClearPath revenue was up 3 percent over the prior year; and 7 percent on a constant currency basis for the first nine months of 2012. As we have said previously, this is a business best measured on an annual basis.

As a result of the higher proportion of Enterprise Software and Server sales within the Technology segment, we reported a technology gross margin of 59.9 percent, up 2.5 percentage points from the prior year. Our technology operating margin rose to 29.1 percent from 25.8 percent in the third quarter of 2011.

Page 14 shows our third-quarter revenue by geography and industry.

Our North America revenue represented 41 percent of our revenue in the quarter and declined 23 percent. Revenue from the U.S. Federal government represented 15 percent of total Unisys revenue in the third quarter. Excluding the U.S. Federal government business, our North America revenue declined by 20 percent due to lower systems integration and technology revenue.

International revenue declined 6 percent in the quarter but was up 3 percent on a constant currency basis.

Revenue in our European region was down 16 percent in the third quarter on a reported basis and declined 9 percent in constant currency. Year-to-date, European revenue was down 5 percent but flat on a constant currency basis.

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While revenue declined 7 percent in our Latin America region on a reported basis, it was up 12 percent on a constant currency basis. For the nine months ended September 30, 2012, revenue was down 15 percent; 4 percent on a constant currency basis.

Our Asia Pacific region revenue rose 19 percent as reported and 24 percent on a constant currency basis fueled by higher sales in our Japanese business. Year-to-date revenue in the region was up 12 percent as reported and up 14 percent on a constant currency basis.

From an industry perspective, Public Sector remained our largest single industry revenue source. The 18 percent decline in Public Sector revenue year-over-year was largely driven by the decline in our U.S. Federal government revenue.

Revenue from Commercial industry customers represented 38 percent of our third quarter revenue while the Financial Sector was 22 percent of our revenue. Our Commercial revenue declined 5 percent in the quarter but was up 3 percent year-to-date, while revenue from our Financial Services customers declined by 19 percent and was down 6 percent year-to-date.

Page 15 provides more detail on our U.S. Federal government revenue over the past seven quarters.

In the third quarter of 2012 Civilian agencies represented our single largest revenue base within the U.S. Federal government, accounting for about 50 percent of our overall U.S. Federal government revenue.

Revenue from Homeland Security agencies represented about 27 percent of our overall U.S. Federal government revenue.

Revenue from agencies within the U.S. Department of Defense and various Intelligence agencies represented about 23 percent of our overall Federal government revenue.

Compared to the year-ago quarter, our overall U.S. Federal revenue declined $52.4 million or approximately 29 percent to $128.8 million. The decline resulted from lower funding on certain services contracts, as well as the loss of some services contracts in prior quarters and lower technology revenue.

We ended the third quarter of 2012 with about $329 million of U.S. Federal services backlog, which was down 8 percent versus the third quarter of 2011 but up 12.7 percent from the second quarter of 2012 as we saw some sequential improvement in our services order closure during the third quarter of 2012.

For some comments on services orders, please turn to Page 16.

In the third quarter, our services order signings declined but were flat on a constant currency basis and service orders increased sequentially.

From a geographic perspective, we saw year-over-year service order growth in Asia Pacific and Latin American regions during the third quarter. Orders in our North American and European regions declined in comparison to the third quarter of 2011.

We ended the third quarter with $5.1 billion in services backlog, which was down by 8 percent from December 31, 2011. This decline primarily reflects reductions in IT outsourcing and systems integration backlog. Year-over-year, services backlog was down 4 percent. This decrease was largely a result of lower IT Outsourcing, BPO and systems integration backlog. Currency had a 1 percentage point positive impact on the year-over-year comparison.

Approximately $690 million of the September 30, 2012 services backlog is anticipated to convert into fourth quarter 2012 services revenue. During six of the past seven quarters, we have noted an increase in the level of sell-and-bill business as a percentage of total quarterly services revenue. During that period, the amount of revenue in backlog at the start of the quarter has ranged between 85 and 90 percent of our quarterly services revenue for the full quarter and the sell-and-bill revenue accounted for the remainder.

Moving to cash, please turn to Page 17 for an overview of our cash flow performance in the quarter.

We generated $16.9 million of cash from operations in the third quarter of 2012 compared to $93.8 million in the year ago quarter.

We contributed $56.3 million in cash to our defined benefit pension plans in the third quarter of 2012 versus $20.8 million in the third quarter of 2011. The pension funding contributions are reflected in cash flow from operations.

Capital expenditures were $31.5 million in the third quarter of 2012, versus $28.8 million in the third quarter of 2011. We continue to expect full year capital expenditures in the range of $150 to $180 million.

We had free cash flow usage of $14.6 million in the third quarter of 2012 versus free cash flow generation of $65.0 million for the same period last year. Our free cash flow before the pension cash contributions was $41.7 million for the third quarter of 2012 versus $85.8 million in the third quarter of 2011. Free cash flow before the pension cash contributions was $185.8 million during the first nine months of 2012 up versus $120.2 million for the same period in 2011.

Depreciation and amortization was $40.1 million in the quarter, down from $46.9 million in the third quarter of 2011.

Excluding the impact of the debt reduction charges and pension expense in the third quarter of 2012 and 2011, Unisys generated adjusted EBITDA of $125.2 million for the quarter versus $184.1 million in the third quarter of 2011. Adjusted EBITDA for the year-to-date was $397.2 million in 2012 versus $407.0 million for the same period in 2011.

Our debt balance was $211 million at September 30, 2012 and is primarily comprised of our 6.25 percent senior notes due in 2017 which were issued in the quarter. Our debt was down $234.5 million year-over-year as a result of a series of debt reduction actions including those completed during the third quarter of 2012.

Our cash balance was $542 million at September 30, 2012 compared to $667 million at September 30, 2011 reflecting the reduction in debt during this period.

You can see the progress we have made in the reduction in our leverage over the past four years by turning to Page 18 – I'm going to provide an update on pension funding.

With the recent finalization of the 2012 rates under the U.S. MAP-21 legislation, we have updated our estimates for the timing of the required and projected cash contributions related to our frozen U.S. qualified defined benefit pension plan.

We made $111 million in contributions through September 30th this year into our U.S. qualified defined benefit pension plan which is consistent with the amount discussed on our previous call. We do not expect to make any additional contributions during the fourth quarter of 2012 into the U.S. plan.

For 2013, our cash funding estimate for our U.S. qualified defined benefit pension plan decreased from approximately $85 million to $35 million. Our 2014 estimate declined from our previous estimate of $140 million to approximately $100 million. We have not changed our estimate for 2015 a
contribution of $170 million. The estimated contributions for 2016 through 2017 have increased relative to our previous estimates – contributions in 2016 are estimated to be approximately $155 million and 2017 contributions are estimated to be approximately $160 million. Beyond 2017, we estimate that these contributions will decline annually.

These funding estimates are based on current expected asset returns and the discount rates used for the U.S. qualified defined benefit plan which has been updated to reflect the recently published 2012 IRS discount rates. The future funding requirements are likely to change based on, among other items, market conditions and future published IRS discount rates.

As we have mentioned previously, it is important to note that MAP-21 does not impact the discount rate used for U.S. GAAP reporting which is derived on a different basis.

The change in the U.S. qualified defined benefit plan's GAAP funded status and our potential updated funding estimates for the five years beyond 2012 will be discussed as part of our year-end earnings call.

Let me conclude by saying as we move through the fourth quarter and into 2013 we will remain focused on expanding on our successes and addressing our challenges as we continue to drive towards our longer-term financial goals.

Thank you for your time.