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

Earlier today, Unisys released its second quarter 2015 financial results. With us this afternoon to discuss our results are Peter Altabef, our President and CEO, and Janet Haugen, our CFO. Before we begin, I would like to cover a few 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.

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 reconciliations within 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 Peter.

Peter Altabef, CEO

Thank you Niels and thank you all for joining us today.

In the second quarter, we accelerated our efforts to improve Unisys profitability, increase our competitiveness and market differentiation, and ultimately drive revenue growth. During this call, I’ll take you through our second quarter performance and provide an update on our progress.

In the second quarter, we reported revenue of $765 million, a decrease of 5 percent from the same quarter last year, but an increase of 4 percent on a constant currency basis.

We had revenue growth in both our Services and Technology segments on a constant currency basis. The gross profit in our Technology segment was lower year-over-year despite essentially flat revenue, due to a higher proportion of non-proprietary technology. Our Technology operating profit margin improved significantly due to lower SG&A costs. While it improved sequentially, our Services gross profit was below the prior year and continues to be challenged by start-up costs on new multi-year engagements.

The company’s gross and operating profits in the second quarter of 2015 were adversely impacted by the initial cost reduction charges associated with the program we announced in April, as well as higher year-over-year pension expense. Excluding the impact of the cost reduction charges and pension expense during the second quarters of 2015 and 2014, our diluted earnings per share rose to 33 cents per share from 11 cents per share.
As I have mentioned before, we are increasingly focused on vertical markets to build on our strengths, offer attractive growth and margin potential, and provide a good fit for our capabilities and offerings. Our three aggregate verticals are Government, Commercial, and Financial Services.

In the second quarter of 2015, Government revenue increased 10 percent on a constant currency basis. Our Government vertical includes revenue from both the U.S. Federal government and the Public Sector, which includes the work we do for state and local governments in the U.S. and for governments outside the U.S. We had another strong quarter in the U.S. Federal market with year-over-year revenue growth of 32 percent as we continue to see the benefit of revenue coming on line from contracts we won last year, as well as accelerated deployments at some clients. While we expect to continue to see year-over-year Services revenue growth from our U.S. Federal organization through the end of 2015, this was an exceptionally strong quarter and we expect the level of growth during the second half will be considerably lower. We also expect U.S. Federal Technology revenue for the full year to be significantly below 2014 due to a very strong fourth quarter for Technology in 2014.

Within our U.S. Federal organization, we expanded our work with the U.S. Patent and Trademark Office, which awarded us an advisory services engagement to design a roadmap for our next-generation IT service management system.

We also won a contract to provide Cloud and Infrastructure Services to the U.S. Federal Energy Regulatory Commission, a new client for Unisys, and we signed a contract to provide a storage and networking technology solution to the Defense Logistics Agency, another new client.

Public Sector revenue declined 3 percent on a constant currency basis, reflecting lower year-over-year Services revenue and Technology sales. Within the Public Sector, we won an engagement with the government of New South Wales in Australia. We will be moving this client’s work to a consumption-based, as a service model for IT services – very similar to what we are doing for the Commonwealth of Pennsylvania, an exciting offering for our company. During the second quarter, we also expanded the services we are providing to the Commonwealth of Pennsylvania.

Moving to the Commercial sector, revenue grew 8 percent on a constant currency basis. This growth was driven largely by Technology revenue from travel and transportation clients. There were a number of important wins, including a multi-year contract with a global air transport leader that included ClearPath, our Aircore software, and services. In Asia Pacific, we won additional business with an existing transportation client for an incremental ClearPath capability. In other Commercial sector business, we won a significant Cloud and Infrastructure contract expansion with a leading Latin American retailer.

Our Financial Services industry revenue declined 11 percent on a constant currency basis. The year-over-year decline in Financial Services reflected lower BPO Services and Technology revenue from banking clients. During the second quarter, we signed new Cloud and Infrastructure contracts with two new Financial Services clients in the U.S. and Canada - one a bank and the other a leading insurance brokerage firm. We also extended a Cloud and Infrastructure engagement with a major Latin American bank client.

After an evaluation of our capabilities and the market, we have determined that within the vertical sectors we serve, we’ll focus our initial investments on four specific initiatives. In the Government sector, we’ll emphasize justice, law enforcement and border security. In the Commercial space, we have two initiatives. The first is life sciences and healthcare and the second is travel and transportation. Finally, in Financial Services, the initial initiative is retail banking.

We already have a significant presence among some of the largest enterprises in the industries where we have launched these initiatives. Greater focus and investment will enable us to get closer to our clients and prospective clients by enhancing our understanding of their business and enabling us to deliver highly
differentiated, value-added solutions that address their most immediate and difficult challenges. Over time, we expect to launch additional initiatives within the three verticals.

While our industry focus will deepen our domain knowledge, the vast majority of our revenue will continue to derive from leveraged offerings tailored as necessary to industries. Security is a good example and during the second quarter, our security solutions practice continued to build a comprehensive security portfolio that includes security consulting services, physical and logical security products and solutions, managed security services, and our Stealth cyber-security software.

As one of our core assets of our security solutions practice, Stealth continues to garner recognition for the unique and innovative ways in which it addresses some of the most urgent security challenges that commercial enterprises and government organizations face today. Last week, Stealth received its second award of 2015 when Frost & Sullivan announced that it earned the North American Encrypted Network Security Solutions New Product Innovation Award.

Moving to our cost reduction efforts, as I discussed in April, we are aggressively implementing our plan to increase the competitiveness of our cost base, improve our delivery efficiency, and increase our differentiation in the marketplace. The plan that we have announced anticipates restructuring charges of $300 million over the next several quarters that will generate approximately $200 million in net annualized savings by the end of 2016.

We recorded a charge for the second quarter for the first phase related to cost reductions in the U.S. and Canada, Asia Pacific, and Latin America. We have more to do in each of these regions, but we’re moving as quickly as possible. We also have efforts underway to take costs out of our EMEA region, although we anticipate these will likely ramp next year.

We are also working to improve gross services margins by refining our service delivery models, solution guidelines, workforce pyramids, the mix of onshore and offshore resourcing, leveraging greater areas of automation, and in some cases, reducing our dependency on subcontractors. We expect that these changes will improve services gross margins and also allow us to reduce expenses related to pre-sales, solution architecture, costing and contracting related expenses while increasing the volume and velocity of transactions for our sales team.

Finally, as we have discussed in the context of our reorganization and realignment of the company, having the right leadership is essential. On our last global earnings call, I mentioned that we had hired Neil Gissler to lead our Services team. During the second quarter, Tarek El-Sadany joined the company as the leader of our Technology organization and as chief technology officer. Tarek has broad experience in product development and support in both the public and private sectors and in his roles at Unisys, will be focused on developing future generations of products and software that meet our clients’ needs.

You can also expect us to strengthen the teams responsible for our verticals. In that context, we have been actively recruiting within the Government sector, which represented 44 percent of our revenue during the second quarter.

Yesterday, we announced that Mark Forman will join us as the global head of the Public Sector, which represented 24 percent of our revenue in the second quarter 2015. Mark comes to us with a tremendous background in transforming and modernizing public sector IT operations including his role as administrator of the Office of E-Government and IT (now known as the Federal government’s CIO) in the George W. Bush administration.

We have also strengthened the leadership within our U.S. Federal organization, which is led by Venkatapathi Puvvada, and represented 20 percent of the company’s second quarter 2015 revenue.

Early in the second quarter, Casey Coleman, the former CIO for the United States General Services Administration, joined Unisys as group vice president for the Civilian agencies group, which represents 40
percent of our U.S. Federal revenue. And yesterday, we announced the addition of Jennifer Napper, a retired Major General in the U.S. Army, as group vice president for the Department of Defense and Intelligence group, which accounted for 20 percent of our Federal revenue in the second quarter.

There is still much work to do, but I am confident that we’re making the changes necessary to build a more cost effective, efficient, and profitable company.

Thank you again for joining us. I will now turn the call over to Janet to discuss our second quarter results and we will then open the call to questions.

**Janet Haugen, CFO**

Thanks, Peter. Hello everyone and thank you for joining us this afternoon.

Please turn to Slide 3 for a discussion of our second quarter 2015 financial results. There were two factors that significantly impacted our results in the quarter. First, year-over-year movements in currency rates affected the comparison of our performance and I will identify the impacts as I discuss the results.

Secondly, we recorded a $53 million pretax charge related to our cost reduction actions, and I will cover this in more detail later in my comments.

We reported revenue of $765 million in the quarter, which was down 5 percent year-over-year but up 4 percent on constant currency basis. This represented the second consecutive quarter of growth on a constant currency basis.

The major currency fluctuations impacting our year over year comparisons are the Euro, the Sterling, the Brazilian real and the Australian dollar. Based on today’s rates, we anticipate currency will have an 8 to 9 percentage point unfavorable impact on revenue comparisons for the third quarter of 2015, when compared to the third quarter of 2014, and an unfavorable impact of 7 to 8 percentage points for the full year.

Our overall gross profit margin of 16.3 percent declined from 20.5 percent in the second quarter of 2014. Of the 420 basis point reduction, the cost reduction charges and increased pension expense were responsible for 270 basis points of the decline and 90 basis points additionally were due to currency fluctuations. The remaining 60 basis point reduction reflected lower Services and Technology gross margins. There is minimal benefit from our cost reduction actions included in gross margins in the second quarter.

The year over-year operating expense increase was caused by cost reduction charges of $39 million and a $2 million increase in pension expense. Excluding the cost reduction charges and pension expense, operating expenses declined 11.5 percent year-over-year, down approximately 1.5 percentage points on a constant currency basis, substantially all from the benefit of cost reductions actions taken to date.

Non-GAAP pretax profit of $28.3 million for the second quarter 2015 compared to a $28.6 million in the prior year period. The non-GAAP results exclude the cost reduction charges and pension expense. On a constant currency basis, non-GAAP pretax profit increased from $28.6 million to approximately $29.7 million.

Our second quarter 2015 diluted loss per common share was $1.17, which included 97 cents for cost reduction and 53 cents for pension expense, compared to 24 cents diluted loss per common share in the year-ago quarter, which included 35 cents for pension expense. On a non-GAAP basis, second quarter 2015 diluted earnings per common share increased to 33 cents from 11 cents in the year-ago quarter.

Slide 4 shows our second quarter 2015 revenue by segment, geography and industry.

From a segment view, Services represented 86 percent of our second quarter 2015 revenue. Services revenue declined 6 percent year-over-year, but was up 3 percent on a constant currency basis.

Looking at the Services segment revenue in more detail:
• Cloud and Infrastructure Services represented 51 percent of our overall second quarter 2015 revenue and was down 10 percent. Currency caused approximately 9 percentage points of the decline, so Cloud and Infrastructure Services were down 1.3 percent on a constant currency basis.

• Application Services was 28 percent of our overall second quarter 2015 revenue and grew 6 percent, up 16 percent on a constant currency basis. Our new work at the U.S. Federal Customs and Border Patrol under the BEMS contract, which we won last year, was a major contributor to the revenue growth.

• Business Process Outsourcing was 7 percent of our overall second quarter 2015 revenue. BPO revenue declined 17 percent year-over-year. All of the BPO operations are outside of the U.S. so currency movements had a significant impact on these results, causing approximately 10 percentage points of the decline.

Technology represented 14 percent of second quarter 2015 revenue. Revenue was flat year-over-year, but up 10 percent on a constant currency basis. While we are pleased with the first half technology revenue growth, it does not change our view that 2015 technology revenue will be negatively impacted by currency and lower renewal opportunities compared to 2014. Quarterly seasonality can vary from year to year. Last year, first half technology revenue was 30 percent of the full year. This year is looking different. We currently anticipate that the first half technology revenue in 2015 will represent a bit over 40 percent of the full year. With the lower volume, the gross margin percentage will be lower.

Moving to geography, U.S. and Canada represented 51 percent of our overall revenue and grew 23 percent on the strength of higher Applications Services and Technology revenue.

Revenue outside the U.S. and Canada represented 49 percent of our overall second quarter 2015 revenue. All of our international regions declined on a reported basis, but we had modest growth of 2 percent in Asia Pacific on a constant currency basis led by higher Technology and Cloud and Infrastructure revenue. Revenue in Latin America declined 35 percent as reported and 19 percent on a constant currency basis, while revenue in EMEA decreased 24 percent as reported and 11 percent in constant currency. Most of the year-over-year constant currency decline in Latin America and EMEA reflected lower Technology revenue, which can vary significantly from quarter to quarter.

From an industry perspective, we break our revenue into four groups: Commercial, Financial Services, and two industry groups within Government – U.S. Federal and Public Sector. Public Sector includes work for local and national governments around the world other than the U.S. Federal government.

Based on second quarter 2015 revenue, Government is our largest industry group, representing 44 percent of our overall revenue.

• Within Government, Public Sector represented 24 percent of our overall second quarter 2015 revenue and declined 13 percent; 3 percent in constant currency.

• U.S. Federal, the other component of our Government group, was 20 percent of our second quarter 2015 revenue and grew 32 percent year-over-year.

• The Commercial sector represented 34 percent of our overall revenue. Revenue from our Commercial industry customers declined 4 percent as reported but rose 8 percent on a constant currency basis.

• Financial Services represents 22 percent of our overall revenue, and revenue from our Financial Services industry customers declined 19 percent, 11 percent in constant currency.

Moving to discuss our second-quarter segment results in more detail, please turn to Slide 5.

Services gross profit margin declined 120 basis points year-over-year to 15.7 percent with currency causing 60 basis points of the decline. Our second quarter 2015 Services margins were impacted by lower revenue and start-up costs on new multi-year engagements. As Peter mentioned, our Services delivery team is working to
improve services gross margins by refining our services delivery models, solution guidelines, workforce pyramids, and the mix of onshore and offshore resources, as well as reducing our dependencies on subcontractors and leveraging automation.

Through the second quarter, there are minimal benefits from our cost reduction actions in the gross margin. However, services operating expenses have a $5 million benefit in the quarter from the cost reduction actions. The services operating margin of 2.2 percent in the second quarter of 2015 was down 140 basis points year-over-year, but a 10 basis point decline on a constant currency basis.

Technology gross margins declined 590 basis points year-over-year to 43.9 percent due to the mix of business and currency fluctuations. Currency fluctuations negatively affected technology gross margins by 430 basis points. The remaining 160 basis point decline reflected a higher proportion of revenue from non-proprietary technology. However, our operating profit margin improved due to lower SG&A expense.

For some comments on services orders, please turn to Slide 6. In the second quarter of 2015, our overall services orders declined year-over-year. Last year we had a very large order in the U.S. and Canada related to the Cloud and Infrastructure contract we signed with the Commonwealth of Pennsylvania. Second quarter 2015 orders were up year-over-year in every region other than U.S. and Canada.

We ended the second quarter with $4.4 billion in services backlog. Backlog was down 5 percent year-over-year but up 3 percent in constant currency. Of the services backlog at June 30, 2015, approximately $605 million is expected to convert into third quarter 2015 services revenue. This compares to $590 million going into the second quarter of 2015, which represented 89 percent of second quarter Services revenue. The amount of revenue in backlog at the start of the quarter is estimated to be between 90 and 95 percent of our quarterly services revenue for the full quarter.

Moving to cash flow, please turn to Slide 7 for an overview of our performance in the quarter. Cash used in operations was $21 million in the second quarter of 2015, including cost reduction payments of $13 million and pension contributions of $37 million, versus cash from operations of $3 million in the second quarter of 2014, which included pension contributions of $48 million.

Capital expenditures were $54 million in the second quarter of 2015, versus $45 million in the second quarter of 2014. The increase in capital expenditures reflected higher investments in outsourcing assets. For the full year, we anticipate cap ex of approximately $200 million.

Excluding the impact of pension and cost reduction charges, Unisys generated adjusted EBITDA of $72 million in the second quarter of 2015 versus $77 million in the prior year period.

We had free cash usage of $75 million in the second quarter of 2015 versus free cash usage of $42 million for the same period last year. The increased usage reflected the combination of lower operating cash flow and higher capital expenditures. Our free cash usage before the pension cash contributions and cost reduction payments was $24 million for the second quarter of 2015 versus free cash flow generation of $6 million in the second quarter of 2014.

At the end of the second quarter the company had approximately $365 million in cash and approximately $255 million in debt.

The company expects to opportunistically access the capital markets and issue debt to take advantage of attractive market conditions, primarily to fund the cost reduction and savings initiatives.

Now let me provide an update on our cost reduction actions in connection with the organizational initiatives to create a more competitive cost structure and rebalance the company’s global skill set. As we announced on our last earnings call, we expect to record a pretax charge over several quarters of approximately $300 million. During the second quarter of 2015, we recognized a pretax charge of $53 million under this plan. This initial charge includes $43 million in severance and $10 million in asset impairments.
Overall, our cost reduction actions are expected to generate annualized savings of approximately $200 million exiting 2016 and we believe we will exit 2015 with approximately $100 million in annualized savings. The cash outlay for these items, which commenced in the second quarter of 2015, is expected to occur over the rest of 2015 and 2016. Cash payments of $13 million were made in the second quarter.

I also wanted to take a moment to provide an update regarding our defined benefit pension plans given changes in the interest rate environment during the first half of 2015.

On Slide 8, we show the impact on our pension liabilities if the discount rate was changed to reflect the interest rate conditions at June 30, 2015. For this estimate, we have held all other assumptions constant with those used at December 31, 2014. Of course, our 2015 pension obligations will be recalculated using discount rates and other assumptions at December 31, 2015.

But if we were to reset the discount rate at June 30, 2015 market conditions, the U.S. discount rate increases from 4.09 percent at December 31, 2014 to an estimated 4.55 percent. The weighted average international rate increases from 3.05 percent at December 31, 2014 to approximately 3.38 percent. This would result in approximately $600 million reduction in our reported pension liability.

Assets have declined modestly since December 31, 2014 as positive asset returns during the first half of 2015 were offset by benefit payments and currency impacts so our net underfunded position would be approximately $500 million improvement from December 31, 2014.

We have a lot of activity going on in the company to improve our competitiveness. As Peter and I both mentioned, we have a number of activities underway to improve services gross margins which we see as an area of opportunity for improved performance.

We are on track against our cost reduction program to achieve $200 million in annualized savings by the end of 2016 with actions to get $100 million of these annualized savings completed by the end of 2015.

Thank you for your time. Now I'd like to turn the call back over to Peter.