

**2Q17 Financial Release
CEO/CFO Statements
August 1, 2017**

Courtney Holben, IRO

Thank you, operator. Good afternoon, everyone. This is Courtney Holben, Vice President of Investor Relations. Thank you for joining us. Earlier today, Unisys released its second quarter 2017 financial results. I'm joined this afternoon to discuss those results by Peter Altabef, our President and CEO; and Inder Singh, our CFO.

Before we begin, I'd 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 as well as other information relating to our second quarter performance on our Investor website, which we encourage you to visit. Third, today's presentation, which is complementary to the earnings press release, includes some non-GAAP financial measures. The non-GAAP measures have been reconciled to the related GAAP measures, and we've provided reconciliations within the presentation.

Although appropriate under Generally Accepted Accounting Principles, the company's results reflect charges that the company believes are not indicative of its ongoing operation and that can make its profitability and liquidity results difficult to compare to prior periods, anticipated future periods or to its competitors' results. These items consist of pension and cost reduction and other expense. Management believes each of these items can distort the visibility of trends associated with the company's ongoing performance.

Management also believes that the evaluation of the company's financial performance can be enhanced by use of supplemental presentation of its results that exclude the impact of these items in order to enhance consistency and comparativeness with prior or future period results. The following measures are often provided and utilized by the company's management, analysts and other investors, to enhance comparability of year-over-year results, as well as to compare results to other companies in our industry, non-GAAP operating profit, non-GAAP diluted earnings per share, free cash flow and adjusted free cash flow, EBITDA and adjusted EBITDA and constant currency.

From time-to-time, Unisys may provide specific items regarding its expected future financial performance. Such guidance is effective only on the date given. Unisys generally will not update, reaffirm, or otherwise comment on any prior guidance, except as Unisys deems necessary, and then only in a manner that complies with Regulation FD.

And 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 the actual results to differ materially from our expectations. These factors are discussed more fully in the earnings release and in the company's SEC filings. Copies of those SEC reports are available from the SEC, and along with other materials I mentioned earlier, on the Unisys Investor website.

And now, I'd like to turn the call over to Peter.

Peter Altabef, CEO

Thank you, Courtney, and thank you all for joining us today. As we referenced previously, we expected the second quarter of this year to be challenging given the comparison we faced from last year, as well as the strong start to the year in the first quarter. Revenue was down 11%, or 10% on a constant currency basis, and non-GAAP operating margin for the quarter was 3.6% versus 10.8% last year. Both of these comparisons were

impacted by our Technology segment, which is historically lumpy from quarter-to-quarter and was up 31% in the second quarter last year and down 32% in the second quarter of this year. We also experienced weaker Services revenue and margins. As we've previously discussed, we continue making progress with our cost restructuring and we have used some of the savings realized to reinvest in the business, which impacts margin. These investments include new offerings and hiring subject matter experts and consultants.

While we recognize the challenges faced this quarter, given the nature of our business, including Technology renewal cycles, overall, we believe we have made significant progress. We are reaffirming guidance for the full year for revenue, non-GAAP operating profit, and adjusted free cash flow. Inder will provide more color on this shortly.

Before getting into detail on the quarter, I'll first review some of the key elements of our strategy to provide a basis for comparison regarding our achievements to-date and in the second quarter specifically. We're focusing the business to capitalize on key strengths that differentiate Unisys in the marketplace, which we believe are our vertical domain expertise, IP-led solutions, and building security into everything we do, while also improving the company's efficiency. Our goal is to drive pipeline, TCV, and revenue and along with our targeted restructuring program to enhance margins and cash flow through both an increase in efficiency and a shift in mix toward higher-margin offerings such as our software enhanced solutions.

As you can see on slide 4, in the quarter, we saw many of our initiatives contribute to positive trends in some of our leading revenue indicators. Total TCV signed, which includes renewals and extensions, which can be lumpy was down 12% year over year for the first half. This was driven by a difficult year-over-year comparison for our U.S. Federal business due entirely to a single large renewal in the second quarter of 2016. Excluding U.S. Federal, TCV for the rest of the business was up 7% year over year for the first half. Further, new business TCV for the entire company, which includes new scope and new logo contracts, was up 65% year over year for the first half.

For the second quarter 2017, total TCV was down 31% year over year impacted again by the U.S. Federal renewal I just mentioned and the expected Technology compare. Excluding these impacts, it was up 5% for the rest of the business.

Additionally, new business TCV for the entire company was up 74% year over year in the second quarter. We are also pleased to report that our total pipeline is up 8% year over year as of the end of the second quarter with new business pipeline and win rates up year over year as well. We believe these are positive indicators and our initiatives will help further progress over the coming quarters.

First, starting with Services, while we have made some progress in this segment, there is more work to be done. We did not fully execute on our Services efficiency plan in the quarter and made changes in the quarter to better align revenues and cost, which we believe will benefit our second half results. During the second quarter within Services, we also saw ClearPath Forward services revenue and margin increase year over year. We believe this is an important trend not just on a standalone basis and because of its impact to Services, but because we believe it should lead to a stickier ClearPath Forward client base over time.

Within Technology during the quarter, after a successful pilot, we signed the deal with an international bank to use Stealth to protect vital assets within the bank's most sensitive infrastructure. Additionally, a client we announced last quarter has now expanded their contract with us to add Stealth to their enterprise defense capabilities to improve data center security. We have continued to see momentum with Stealth since the end of the second quarter of this year with four additional signings during July, including one with a large U.S. state to use Stealth to add micro-segmentation security to their Microsoft Azure cloud-based services.

I mentioned in our last quarterly call, our work with LogRhythm to incorporate Stealth into an adaptive security architecture. We are now entering our comprehensive set of system and acceptance testing with the

expectation of launching the offering with LogRhythm later this year. We have been previewing the capabilities of this solution with federal agencies who have shown significant interest.

During the quarter, we're pleased to have seen our overall security pipeline increase 31%, with increasing win rates for the second quarter and the first half year over year.

I will now provide some color on our various sectors. During the quarter, we launched several additional IP-led vertical solutions to help drive our vertical go-to-market effort. As a reminder, in addition to those launched this quarter, which I'll review shortly, since last October, we have launched or expanded Digital Investigator, Digistics, ActiveInsights MedDevice, and Elevate, and we will launch LineSight in the coming quarters. With this suite of offerings and the marketing behind it, we believe we're well-equipped to serve our target markets.

Our focus is now on driving revenue from these offerings, which can also improve overall profitability, given the higher margins associated with the software and software-related services. These solutions could also function as the "tip of the spear" to help expand the market for our broader suite of services.

Our U.S. Federal business showed a decline this quarter, due largely to lower ClearPath Forward renewals as anticipated. Despite that, we feel good about the trajectory of this sector for the full year of 2017, as contract signings related to near-term revenue have been up.

During the quarter, we signed a key contract with a U.S. government agency to provide biometrics-based identity and access management solutions critical to the agency's operations. We also signed a contract with a large civilian agency to help digitize and centralize a massive tape library of historical data critical to the agency's mission, as well as a contract to provide cloud-hosting services for the Nuclear Regulatory Commission's high-performance computing program supporting modeling and simulation operations necessary to oversee nuclear reactors and materials.

Our Public business had a strong second quarter, with a growth of 3% year over year in constant currency. During the quarter, we launched FamilyNow, a comprehensive next-generation case management solution that helps government social services agencies protect children at risk. We signed a contract with The California State University, which is the largest four-year university system in the United States, for an analytics-based hybrid-cloud solution to transform system-wide delivery of educational and administrative services to over half a million CSU students, faculty and staff. We also signed an extension of our contract with the Australian Department of Defense and some of their key industry partners.

Revenue with our Commercial sector in the second quarter was down 3% in constant currency. During the quarter, we launched ActiveInsights PharmaTrack, a new solution that combines leading security, advanced data analytics and compliance technology in a single unified platform to provide life sciences and healthcare companies enhanced visibility and oversight of the global pharmaceutical supply chain.

We also launched a new suite of advanced transportation offerings for AirCore, which allows airlines to optimize their sales and customer service capabilities across all aspects of the passenger journey.

We signed a number of important deals in the second quarter in our Commercial sector. For example, we are expanding our long-standing relationship with Starbucks, signing new multi-year agreements for infrastructure and end user support services in Europe and China. We also signed a contract renewal with a U.S.-based chain of convenient stores to provide IT field services and support. Lastly, in Commercial, we signed a contract extension with a global safety consulting and certification company to provide service support and end user services.

While Financial Services saw a significant decline in the second quarter due to a tough Technology compare, we are excited about the direction this business is moving based on our recent launches of Elevate around the world, including in Latin America this quarter, along with key deals we signed during the quarter would suggest.

We signed an agreement with a leading European banking institution to implement cloud-based ClearPath Forward software supporting the bank's digital transformation and omni-channel banking initiatives. We also signed a new logo contract with a U.S. based insurance company for managed security services and IT consulting.

Overall, we continue to make progress toward our strategic goals. We're also improving our liquidity position and during the quarter, we signed a notes offering that we discussed last call.

I will now turn the call over to Inder for a more detailed review of our financial results.

Inder Singh, CFO

Thank you, Peter. Hello, everyone, and thank you for joining us this afternoon. In my comments today, I'll provide comparisons on a GAAP and non-GAAP basis, and just to remind you the non-GAAP results exclude pension expense, cost reduction and other charges.

As we have previously mentioned, we expected a difficult year-over-year comparison in the second quarter. This was in fact the case, as Technology revenue was down 32% in the quarter this year versus being up 31% in the same quarter a year ago. We also saw some weakness in our Services segment this quarter, as Peter mentioned.

Overall, in the quarter, we saw total company revenue down 11% year over year, and margins also lower. While we recognized the Q2 challenges of course, there were also a number of timing items between the first and second quarter this year, including an especially profitable transaction that was expected at some point during the year and happen to fall in the first quarter. Given this, I'll provide some color on our results for the first half of the year, which helps normalize for some of these shorter-term fluctuations and then, I'll get into the specifics of the quarter itself.

Turning to slide 6, despite the challenge of the second quarter, on a year-to-date basis, we believe we are continuing to make progress against many of our key strategic and financial goals. With respect to Technology, I've already talked about its lumpiness and the tough year-over-year compare for revenue, which also affected margins in the quarter. However, the trends over a longer period of time for Technology have been more positive, with gross margin improvement of 6.8 points and operating margin improvement of 14.8 points against the first half of 2015, which had revenue of a similar magnitude to the first half of this year.

Additionally, as Peter has consistently said, one of our key goals is to improve the margin performance of the Services business. On a year-to-date basis, our Services gross margin is up 70 basis points and our Services operating margin is up 20 basis points, helped by the especially profitable transaction we discussed in the first quarter and ongoing cost reduction efforts.

Services revenue for the first half also declined at a more modest rate than in the prior period, with a decline of 4% year over year versus 7% last year. On a constant currency basis, Services revenue declined 3 percentage points year over year in the first half of 2017.

As we discussed on our last call, we also executed a \$440 million capital raise early in the second quarter and used a portion of the proceeds to repay our previously outstanding senior notes. At this point, we believe that these five-year notes combined with our overall liquidity and expected cash flow generation, give us good visibility on sources of cash for our future pension contribution and other investments.

We have also developed a program to strengthen our cash cycle including enhancements to our billing systems and a sharp focus on managing working capital, which we have begun implementing. This program is expected to begin to drive benefits to working capital, starting in the second half of the year.

Peter already indicated, we are reaffirming guidance for the full year for revenue, non-GAAP operating profit and adjusted free cash flow, and I'll discuss these in more detail later.

I'll now speak to the results shown on slides 7 and 8, where you will see our first half and second quarter results. I've already noted that the year-over-year volatility in our Technology segment is the primary contributor to revenue and margin for the period. Approximately 60% of the delta in operating margins year over year in the second quarter can be explained by the Technology revenue volume.

The other 40% is principally due to the combination of some revenue decline in Services, delays in some restructuring actions and related cost savings, as Peter stated. As we have previously noted, while we will continue to reduce cost, we also continue to invest in the business, including for our vertical strategy.

In the first half, we also needed to hire approximately 1,200 new employees in conjunction with a very large multi-year contract we had signed and previously announced. Most of this hiring was done at the end of the first quarter and so it impacted cost in the second quarter. We expect this contract to be high margin, though there is always a delay between hiring the required employees and revenue recognition from the contract.

Consistent with our cost-saving strategy, we took a pre-tax restructuring charge of \$27.5 million in the quarter, which affected operating margin and EPS. This charge was consistent with our expectations for the full year 2017 and we remain on track with respect to our plans for the full year. These restructuring actions are designed to help margins over time.

During the second quarter, we received all required approvals to move forward with our social plan in France, but that didn't occur until the end of the second quarter. The actions we are taking in that country are included in the second quarter restructuring charge, as well as charges in prior periods. In Q2, we also more closely aligned our Services and go-to-market organization. This should help align revenues and costs more closely, as Peter noted.

Turning to slide 9, you can see a breakdown of our second quarter revenues by segment, geography, sector and type. I won't go through all the numbers on the slide, but I'll point out that our Technology revenues in the second quarter last year were 18% of total revenue, as compared to the lower 14% this year, again, consistent with our commentary regarding the year-over-year comparison.

Turning to slide 10 for a more detailed overview of revenue by region and sector for the second quarter, results were relatively consistent across geographies with Latin America outperforming versus other geographies on a reported basis, helped by year-over-year growth in Services and benefited by the strength of the Brazilian real. In constant currency, EMEA was the strongest performer, but was hurt by movements in the British pound and the euro. Consistent with the company overall, all regions were impacted by difficult Technology year-over-year comparisons.

With respect to the sector breakdown for the second quarter, Public Sector saw a growth of 3% in constant currency in the second quarter this year, helped by strong Technology revenue relative to last year. Financial faced a difficult year-over-year Technology compare as did U.S. Federal. However, U.S. Federal revenue has been down just 2% on a year-to-date basis.

Moving to our segment results, please turn to slide 11. As I discussed earlier, improving the profitability of our Services segment remains a key focus. In the first half, we saw an increase of 70 basis points in our Services gross margin and 20 basis points in our Services operating margin year over year.

This slide shows the year-over-year margin compare for Technology, also. However, if you look at the margin trend line over time since the first half of 2015, which saw roughly similar revenue to that of first half of this year and was during the early stages of our cost improvement work back then, both gross and operating margins for the Technology business are up significantly.

From the first half of 2015 to the first half of this year, Technology gross margins and operating margins are up 6.8 points and 14.8 points, respectively. We do believe that this demonstrates that while there may be quarterly fluctuations due to the nature of the business, we are making longer-term progress on improving the financial profile of the Technology segment.

Services backlog ended the quarter at \$3.7 billion, which was roughly flat with the end of last quarter. Of this amount, we expect \$505 million to convert into revenue in the third quarter of 2017.

Regarding Technology, and as we've said before, we typically see a first half, second half revenue split of 45% and 55% and we currently expect this year to be directionally similar. I would remind you that our Q3 is historically our lowest quarter for Technology, while Q4 is historically highest. For modeling purposes, typically, we would see a 40%, 60% split for Technology between the third quarter and the fourth quarter in the given year. Of course, we're sharing this information with you to provide increased transparency. This year, we expect that split to be more like 30% and 70% due to the timing of expected renewals in the second half.

Slide 12 highlights our second-quarter and year-to-date cash flow. With respect to the second quarter, a number of timing-related items impacted cash flows which we do not believe are indicative of longer-term trends. I'll walk through these items on the next slide in a moment.

We continue our capex-lite strategy. However, in the second quarter, we continue to working on a project for our iPSL check-processing joint venture in the UK, which we consolidate as you know. For such projects, we make required capital expenditures and we are subsequently reimbursed by our JV partners for their share. This occurred with respect to \$10 million for this project in the second quarter. Excluding this amount, which we will be reimbursed for in full in the third quarter, capital expenditures in the second quarter of 2017 were roughly flat with those in the prior year.

Turning to the next slide, we can see some more detail on the timing-related items for cash flow in the second quarter 2017 as I mentioned. As you can see, there were two key items to highlight. The first was approximately \$70 million of Technology deals that were invoiced in the second quarter of 2017, but will be received in the third quarter of 2017. Approximately 60% of the \$70 million is from contracts with clients in EMEA, with the balance mostly from clients in the U.S.

We have already received about \$50 million of the \$70 million in the third quarter, including a \$35 million payment associated with a single contract that was signed and invoiced towards the end of the second quarter for which payment was received in the first week of July instead.

I already discussed the \$10 million for our iPSL check-processing JV on the previous slide. Again, this amount is expected to be reimbursed in the third quarter to us in full. If adjusted Q2 free cash flow were normalized for these items, it would have been \$34 million positive. We ended the quarter with \$571 million in total cash.

At this point, we believe the proceeds of our \$440 million notes offering and our resulting cash balances as of the end of the second quarter, combined with our other sources of liquidity and expected cash flow generation over the coming years, provide us good visibility on the expected sources of funding for our near-term pension contributions.

Let me now turn to guidance. Based on our expectations for the full year, we are reaffirming our full-year 2017 guidance with revenue of \$2.65 billion to \$2.75 billion, which is a year-over-year decline of between 1% to 5% on a constant currency basis, non-GAAP operating profit margin of 7.25% to 8.25%, and adjusted free cash flow of \$130 million to \$170 million.

As we look to the rest of the year, it is important to keep in mind that our third quarter is typically our weakest Technology quarter, as I mentioned, which can impact margins and cash flow. However, the fourth quarter is typically our strongest quarter for Technology in a given year.

With that, I will turn the call back to Peter.

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Question & Answer Section

Operator: First we'll take a question from Joan Tong with Sidoti & Company. Your line is open.

Q – Joan Tong – Sidoti & Co. LLC: Good afternoon. Just a couple of questions. Obviously, it's a little bit disappointing for this quarter, in terms of the performance. Just putting aside Technology, it's having a tough year-over-year comp, just focus on the Services' piece. Your target or your goal is really to improve profitability and obviously, this quarter, you didn't deliver the result, yet you reaffirm the whole year guidance, it seems for the second half, you really have to step up the margin improvement on the Services side. Can you just give us a sense of where the confidence is coming from that you can recoup some of the margin loss in the second quarter?

A – Peter Altabef – Unisys Corp.: Yeah, Joan. Thank you, that's a great question. And you're exactly right. So, the Technology numbers were roughly in line with expectations. Now, the Services revenue was down a little over 5% in constant currency, and you expect that, you have to get ahead of that decline in terms of your cost structure.

And we did not get ahead of that decline in the quarter. It's pretty much as simple as that. By the time we really fully understood that, we made changes. And so, as you may be aware, we actually merged the Services team with the Enterprise Solutions team during the quarter. That gave much more alignment to our cost structure and really kind of has enabled over the course of the last few weeks of the quarter for the team to take more decisive action, frankly, than had happened earlier in the quarter.

So we do believe that the action that we took at the end of the quarter and have continued to take over the beginning of this quarter will work much better toward aligning that cost structure with revenues going forward. It's not immediate, but we do expect that improvement to occur during the second half.

The second thing that occurs is that we do expect as we get new revenue in the door and that that revenue is over a base of some fixed cost and will increase margins. We are encouraged that the TCV number from year to year for new business was, I think, 74%. TCV, or total contract value, can be a bit of a blunt instrument because of the difference in the term of the revenue. But if we look at ACV, or annual contract value, which is the amount of revenue we expect in the first 12 months for that new business that we're signing and new business we've defined as new logo or new scope at existing contracts, new business ACV in the quarter went up 127%. So we are selling to new logos and new scope to existing logos and we expect over time that will act to increase our margin.

A – Inder Singh – Unisys Corp.: So just everything that Peter said, I think is spot on. I will just remind you of the three things I pointed to that I believe had the cost implications in the quarter. As you saw in our numbers, revenues weren't that far off in aggregate from where we were sort of indicating, where I think we could have achieved higher margin outcome was the three things I mentioned. And the combination of these three, and I'm not saying them in any particular order, was the timing of the French cuts, which we talked about, some of the heads associated with the new contract that I mentioned. And then, frankly execution on cost savings, which we probably will do a far better job off in the second half.

The combination of these three things, had they gone in our favor in the quarter, is three points to Services gross margin. So, if we reported 14.1%, it would have actually been up year over year. So, that's what gives us the confidence that we know what the things are and we can manage through that. I'm not saying it all rebounds in Q3, but as we look at the full year, we expect that those things are controllable, at least from a cost savings standpoint.

Q – Joan Tong – Sidoti & Co. LLC: Right. And then, I do remember you guys mentioned during an early part of this year, that the cost saving number is \$30 million for this year and I assume that is a gross number and then, obviously, the net would be extra investment you still have to put in place. Is it correct?

A – Inder Singh – Unisys Corp.: We are certainly creating those savings and we're on-track to deliver the [\$]230 [million] for the full year, which is what gives us confidence to reiterate the guidance for the full year. In part, in terms of the execution plan, I think it's best characterized as a hiccup and to me that's a very sort of identifiable action that we have to take. Those savings, just to remind you though, are exit annualized run rate savings at the end of the year. So frankly they would accrue in the following year, not so much in the year, right.

Q – Joan Tong – Sidoti & Co. LLC: Okay. Got it, got it. And then, on the Technology side, you guys have some difficult [Technology] comp, obviously compared to last year. And so, we are thinking that maybe this year, you're going to see a decline, but in terms of the magnitude of the decline halfway through the year, can you just share some of your thoughts like how big you're talking about in terms of year-over-year contractions on Technology?

A – Peter Altabef – Unisys Corp.: Yeah. What I would say before – Inder gave some detail in his remarks, but I'll let him provide some additional color. Our Technology segment as a whole is tracking pretty much against expectations for the year. And there is always some give and take. But I would say, it's certainly within an order of magnitude of what we would expect certainly at this time of the year. So you're exactly right. There are timing issues in Technology. There are certainly going to be timing issues we think in between the first and the second half and even within the two quarters of the second half, but on the aggregate, Technology is tracking.

A – Inder Singh – Unisys Corp.: And I think that the Technology team is just executing very, very well each time a tech deal comes up for renewal. Peter talked about the stickiness of that business. And so, we want to make sure that we maintain the relationship with the Technology base that we have installed out there. This year, we expect to be, as I said earlier, still in the 45% first half, 55% second half split.

That said, as we look at last year, remember when we began the year, we had guided for a 14% Technology decline and it ended up being slightly growth year over year. I am not suggesting at all that this year repeats that. But where we feel confident is the ability of the Technology team to really execute very successfully on opportunities as they present themselves. And so, it gives us confidence that what we are telling you about the second half is on solid footing.

Q – Joan Tong – Sidoti & Co. LLC: Thank you.

Operator: And our next question comes from Frank Atkins with SunTrust. Your line is open.

Q – Frank Atkins – SunTrust Robinson Humphrey, Inc.: Thanks so much for taking my questions. Wanted to ask a little bit about the revenue declines in application services in cloud and infrastructure. Just could you tell us about areas of strength and weakness on the Services side in terms of the revenue and what gives you the confidence in reiterating the full year guidance on the revenue side?

A – Peter Altabef – Unisys Corp.: Yeah. Thanks, Frank. I'll again start and let Inder provide a little more detail and color. In the Services arena, the biggest percentage change decline in the quarter was application services

and that also, by the way, was again probably the biggest area of weakness from a margin standpoint in terms of total margin dollars. And that's in part because application services historically is the highest gross margin area for us.

Now, what really led the decline in the quarter was the expiration of a contract that had been terminated in – I'm going to guess here, it's 2013 or early 2014. So it was a contract that the company lost four years ago or three years ago. And only now has the successor provider developed a software that was able to fully replace us. That was a large revenue loss in the quarter and it was a large margin loss in the quarter. So that was the biggest single item in application services.

It wasn't a surprise, right? It was the biggest single item. So what we didn't get in the quarter was enough new application services revenue to fully make up for that. With the new business signings, we think we're on a path to work our way back from that. But that was the reason, the biggest single reason for the revenue decline in application services.

Cloud and infrastructure services declined in constant currency about 3.5%, which is not atypical for what we would have been expecting and not atypical for our range. I mean, our range of overall revenue decline for the year and constant currency is somewhere between 1% and 5%. So with that, I'll turn it over to Inder.

A – Inder Singh – Unisys Corp.: Yeah. I would just add that application services remains a focus area for us. It has been growing for the past couple of years. We're looking for that to remain strong for us, as we move forward. As Peter noted, there were public contracts, one in particular and the social services area in the U.S., which we had lost to a competitor, took a long time to transition from us to them, for them to ramp up frankly to be able to service the client at the level they expected and that's been, I think, one of the reasons that we saw in the quarter.

It was also a pharmaceutical contract that again is something that was exited a while ago and that contributed to some of the decline. So it's identifiable, it's something that Eric Hutto, who runs that business for us, and team are driving hard to drive for us for the next few years. This is a high margin business for us. So we continue to invest in it and you will see us continue to make some of those investments and it speaks to what Peter said at the very beginning. We are driving a shift in our business from, I'll call it, historical sort of margin businesses, lines of business to the more profitable ones. And this is one that remains a sharp focus for us as we go forward. So a couple of quarters, a couple of contracts in the quarter is what I would say, Frank.

Q – Frank Atkins – SunTrust Robinson Humphrey, Inc.: Okay. Great. And in your prepared remarks you mentioned a single large renewal in U.S. Federal, which hit TCV due to timing. Can you give us any color about that going forward and do you expect that to hit in the remaining quarters of this year or maybe the reason for that?

A – Peter Altabef – Unisys Corp.: It was a multi-year contract that was signed in the second quarter of last year, so that was the impetus there. It was just a simple, large, multi-year contract. So it affected the TCV numbers, because there was not another similar large contract like that signed this quarter, but that was the impetus behind the numbers. And as I said, when you take that contract out, you have growth in TCV which is all TCV for the first half against the last half of about 7%.

Again in the second quarter we apprised everybody of the Technology compare, but we still had a growth of 5% without that contract in Technology. What I don't want to lose sight of is the renewals come and go and are not annual, right, so that was a multi-year renewal. What I think is also of import is that new business and the fact that the new logos and the new scope are increasingly energetic, which I think proves the value of the services we're bringing to bear. But, it was a single contract in Federal, in the second quarter last year.

A – Inder Singh – Unisys Corp.: And I'll just jump in and help. And you know this, Frank, our Federal business is sharply focused on a couple of areas, Homeland Security, defense and intel and civilian. And as we look at sort of that business for this year, we've seen it in the last couple of year grow, fueled in part by these large deals, of course. And so, those continue to happen. Peter mentioned this one that was in the second quarter of last year. It was in the civilian part of our Federal business and it was in the hundreds of millions of dollars and we were pleased to see it.

We had a similar TCV win in the third quarter of last year. So they're lumpy, they come. We were happy to see them. Over half of our U.S. Federal business is Homeland Security and remains our focus. So we believe, we are in the right place of the federal spend as we look out for the rest of this year. We're not providing guidance for that business, but it's been growing for a few years, so we have confidence that business will continue to do so. I don't see this year-over-year comp issue on TCV from a year ago weighing on the performance of that business this year.

Q – Frank Atkins – SunTrust Robinson Humphrey, Inc.: Okay. Great. Thank you very much.

Operator: And next we take James Friedman from Susquehanna. Your line is open.

Q – Jamie Friedman – Susquehanna Financial Group LLLP: Hi, thank you for taking my questions and thank you for the incremental disclosures here. I had just two questions. One, about the assumptions on the margins in the second half and then two on Stealth. So, first just to double check by math, we're kind of coming up with about a 5% first half non-GAAP operating margin, which suggests to get to the bottom of your guidance for the year, you're going to need to do about 9% or 10% non-GAAP operating margin in the second half. Inder, does that math sound about right?

A – Inder Singh – Unisys Corp.: Yeah. I think that if you think about the full year guidance and you look at our first half and subtract that, you get to the math that you just did. So, your math is in the zone, yes. And if your question is, what gives us the color or the insight around that, first, I would point you to the 45/55 split of Technology. So, it isn't as if all of that has to be through cost savings. A lot of it is the fact that our Technology business is skewed into the second half as it typically does.

And then, some of the – I'll call it sort of what's in our control is the ability to manage our costs, which arguably we could have done a better job than we did in the second quarter. And we intend to drive that with a very short focus as we go into the second half of the year. Those are the two principal levers that we believe will drive and therefore we feel comfortable with the reiteration of the guidance for the full year.

Q – Jamie Friedman – Susquehanna Financial Group LLLP: Okay. Thank you for that. So, periodically you've updated metrics around Stealth. You shared some new customer deployments, so it sound exciting. I guess, if you do that would be great, but if you don't want to share the updated financials on Stealth, maybe another way to ask it would be, I think that you have disclosed the mix of ClearPath versus application software – that applications through application software – being like 75/25 would be the mix. My question is any observation about where that ratio might stand today with some of the increased first half performance out of Stealth? Thank you.

A – Peter Altabef – Unisys Corp.: Yeah. Jamie, thanks. So, I don't believe we actually have ever disclosed the ratio. I think we've always been very consistent that the preponderance of the revenue in technologies remains ClearPath Forward, and that is certainly true. One of the things I have been concerned about is, given the fact that the Stealth numbers remain small in the absolute that they are not meaningful yet in absolute and therefore percentages can get kind of crazy with small numbers.

But I will let you – just in terms of some indication of where we're going, we made real progress, especially toward the tail end of the quarter and even in July around Stealth. Our win rate on Stealth deals from a value

standpoint is significantly up versus a year ago. It's up, it's more than double. Our pipeline is about the same as it was a year ago, but given that the win rate is more than double, I take out of that that the pipeline is a higher quality, and that we're executing better on the pipeline.

Again, just our revenue year on year for Stealth and I don't want to give the numbers, let's just say that it is more than a 100% of last year. So, there are real good indications there, signing four contracts in the month of July alone is progress. But at the end of the day, while Stealth is important, it is also important as kind of a leader for us in getting other business. So, I don't want to diminish its value as kind of a leading thing that we show out there in terms of getting other business either as part of it or as a follow on or once you're in the door you get to sell other stuff.

Finally, one of the things we are now doing is actively talking to several what I would call, alliance partners about making Stealth more readily available in, if you will, the larger ecosystem of simply signing one-on-one deals. So, I mentioned the work with LogRhythm, and really incorporating Stealth into that active security infrastructure. We're having very preliminary discussions in another context about also incorporating Stealth in what I would consider a larger ecosystem. I think doing those successfully will be very important for us, in terms of getting more awareness and more adoption of Stealth.

Q – Jamie Friedman – Susquehanna Financial Group LLLP: Thanks.

Operator: And we'll take our next question from Joseph Vafi with Loop Capital.

Q – Joe Vafi – Loop Capital Markets LLC: Hey, guys. Good afternoon.

A – Peter Altabef – Unisys Corp.: Hi, Joe.

Q – Joe Vafi – Loop Capital Markets LLC: How are you doing? I was wondering if we could, Peter and Inder, it's been I guess a long enough period of time with some of the new product offerings coming on stream and I know there are some puts and takes on the gross margin and on the cost of services, but if you could give us a feel for the newer types of businesses and services that are coming online and what that gross margin profile looks like versus the kind of base overall. Just to get a feel for directionally where you're going with the types of services you are offering and the margin profile it might have? And then I have a follow-up.

A – Peter Altabef – Unisys Corp.: Yeah. Joe, so, I think that's a very good question and it kind of helps me frame a little bit what I talked about in my comments. So, when we go back to where the company had been and the level of focus that we are providing in the company. To go back to the early inventory of software families that existed at Unisys, I think, I mentioned several calls ago that, that inventory came up with 66 families of software. And that's a lot for any company including one our size. So what we have really done is we've taken that world and we have said, you know what we need to focus, we're going to focus on a select few families that are leverageable or what, I said in my remarks, are horizontal, they apply to virtually all of our industries, and then we're going to take really one or two offerings, that will be very industry specific in each of our four focus areas, and I think you now have basically a fifth focus area.

So, to put that in context, we have really four horizontal families and we have nine vertical focus, if you will, software-led initiatives. So that's from 66, now 13. So, while it may sound like a pretty good list I gave, it's a much smaller list, and many of those are brand new. One of those, which was Digistics was launched last October. That's it, everything else has been launched this year.

And most of that – Digital Investigator was last year. Everything else was launched either later in the first quarter or in the second quarter, so we're really early on these. And I'll give you an example. One that I am particularly excited about is, Elevate, which is our omni-channel banking solution. That was not launched until late in the first quarter anywhere, which was in Asia Pacific and Europe. In the second quarter, it was launched in Latin America, and it'll be launched in the U.S. and Canada in the third and fourth quarters. And to ask a

financial institution to adopt an omni-channel banking solution is not an immediate sale. So, it's a little early for us to identify gross margins on offerings that have had a significant focus. I do expect that we'll do it in the future, I'm not sure I've got it now in any meaningful way. Inder?

A – Inder Singh – Unisys Corp.: I agree. I think that, the industries that we focused on are the ones that we believe are software really helps us. And so our Technology business and software-led solutions are the ones that are going to be driving to your point and to your question Joe. We feel a better margin faster as we look into the next couple of years. These are early and here's the way I would frame it for you. Our first step as a company and this was even before I join the company, we sharpened our focus onto these four industries.

The second step was again to develop these new offerings for these industries after hiring the domain experts for them, which we did over the course of last year. So those teams are now yielding these offerings that you see that Peter is talking about like ActiveInsights, like Digital Investigator, like Elevate, like Digistics. And what we're finding is, in some cases these are not entirely new, I mean they are using existing software and selling it to a different kind of a customer. And adding features to it that allows for solution for that particular industry. So, it's leveraging the horizontal capability we have and then aiming the solution at a particular customer. So, if these are coming out for a couple of quarters, we would expect it to begin to contribute in the coming years, but we're not at the point yet where we can quantify for you what those would look like from a margin profile today.

A – Peter Altabef – Unisys Corp.: Although I would say, Joe, one thing that I think is important and I alluded to it in my note, if you look at those 13, with those that we just released this past quarter, we've released 12 of the 13. There is one more to go toward the end of this year, which is LineSight. And so in terms of the development effort, which is not to say that there isn't more development effort that will continue with these products naturally, but in terms of the huge focus to be able to get these out, that's what's happened now. And so now it's about execution, now it's about building those pipelines and now it's about executing. So, I think we've done actually quite a lot in what effectively is significantly less than six months for all of these but one.

A – Inder Singh – Unisys Corp.: Yeah, and that's exactly right, and I'm just attaching on that, as you sort of conclude the development phase on some of these new offers, the software development effort as you know gets capitalized during the development phase. And then gets amortized through the gross margin line as you start to see revenue and recoup that. So, from a cash flow standpoint, we also see it as a positive because we will be able to now benefit, see the ROI, if you will, on these investments that we've been making.

A – Peter Altabef – Unisys Corp.: I hope to give you more detail on that.

Q – Joe Vafi – Loop Capital Markets LLC: Yeah. Absolutely. We will be watching that carefully. And then just secondly, I think, Peter, you might've mentioned in Federal there were a couple ClearPath Forward deals that didn't renew. Is there anything in particular to note there in terms of industry trends or customer behavior in those situations and why they may not have wanted to renew those. Thanks.

A – Peter Altabef – Unisys Corp.: Joe, if I said that I miscommunicated. I'm not aware of that at all. So I have...

Q – Joe Vafi – Loop Capital Markets LLC: So it might have been me then. Okay. Could have been my misunderstanding on that. And then, just finally, I know you indicated there's a large employee hire in the quarter. How should we think about getting those people to work, billable and implications for the business in the next couple quarters in terms of revenue and margin.

A – Peter Altabef – Unisys Corp.: Yeah. So, our employee number actually went up in the quarter, and the reason it went up in the quarter was a contract that we have signed, which actually will bring on to the company a total of about 1,200 people. And it will take a little while to fully transition. We're very excited

about that. It's a long-term contract. We signed that contract last year. And we're simply in the process of executing against that contract. So, that is not a question of finding gainful employment for those folks. They are gainfully employed. We're just in the process of executing and transitioning that scope of work.

A – Inder Singh – Unisys Corp.: And as I said, Joe, in my comments, this is more of a timing between the head count coming on and revenue recognition beginning to contribute. Just for color, this particular contract is quite high margin, and remains quite high margin. It wasn't a new logo win, so we have a relationship with this client going back some years and this head count therefore, we think is going to yield the high margin that we're expecting from it. But as you bring people on, if you can imagine within one quarter you bring out that many people, it has an impact and there is always the cost whether it's contractors or whether it's full-time employees, there was always a cost difference. So, that's how we think about it. In terms of absorption of those people over time, it should have a trajectory like we've seen with this relationship with this client for some years.

Q – Joe Vafi – Loop Capital Markets LLC: Great. Thank you very much.

A – Peter Altabef – Unisys Corp.: Thank you, Joe.

Operator: And at this time, I would like to turn the conference back to Peter Altabef for closing remarks.

Peter Altabef, CEO

Okay. I'd really like to thank everybody for their questions. As always we look forward to continuing to have a dialog with all of our investors and we continue to put more detail and more, I hope, effective detail onto our website. In addition to our investor website, I'd actually encourage people who wish to, and who can, to spend time on just our general website. Over the course of the last two months, our general website has gone through a complete overhaul. The amount of detail we have about these new offerings, the amount of detail about the vertical as well as the horizontal solutions, customer testimonials that describe our business and our relationships in detail are frankly all new. And we think that it will also increase your understanding of both, where we are and where we're going as a company.

So, I'd like to thank you for your time and look forward to speaking at the next call.