

**1Q17 Financial Release
CEO/CFO Statements
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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 first quarter 2017 financial results. I am 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 first 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 operations 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 investors to enhance comparability of year-over-year results, as well as to compare results to other companies in our industry: Non-GAAP Operating Expenses; 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 guidance 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 to discuss our first quarter 2017 financial performance. I'll begin on slide four of the presentation with an overview of the key highlights for the quarter.

We believe our first quarter results demonstrate continued progress against our strategic goals. We saw significant expansion of margins, including Services gross margins and Services operating margins, reflecting progress towards our goal of improving profitability within Services and the company overall, and helped by a particularly profitable transaction in the quarter.

As we have discussed, we are executing a strategy to present integrated solutions to specific industries with deep domain expertise, software or IP and leveragable solutions, which are customized for the specific industry. We have put special emphasis in several of these industries where we believe we have deep expertise.

In the first quarter, our revenue from these focused industries grew 5.9 percent year over year and accounted for 43 percent of total revenue. In the quarter, we also continued to see positive trends in some of our key leading revenue indicators. Total contract value, or TCV, for the business overall was up 26 percent year over year. New business TCV, which includes new logo and new scope business, was up 62 percent year over year.

Overall win rates measured by deal value were up year over year as were new business win rates. Win rates within our focus industries were up year over year and were higher than those for the business overall. While the overall pipeline was essentially flat year over year due to an ongoing focus on improving the quality of deals in the pipeline, the current year pipeline for our key focus industries was up approximately 24 percent year over year.

Also, consistent with our vertical strategy and focus on improving revenue trends, we launched a number of new vertically oriented software solutions that I'll discuss more later.

We are also pleased to have completed a \$440 million senior secured notes offering earlier this month.

I will go through our financial results for the quarter in more detail shortly, but first, I'd like to provide an overview of the business during the quarter, beginning with a look at our Services and Technology advances and then followed by our go-to-market results.

We continue to evolve our Services delivery capabilities to provide next-generation solutions. We expect that these changes will not only address our clients new and future needs, but will also improve the efficiency of our delivery and help to enhance our profitability.

I'll cover three examples of this work: automation and artificial intelligence, analytics, and consulting.

We are focused on using automation and artificial intelligence within our offerings both to enhance quality and effectiveness of service for our clients and to improve the cost of delivery.

During the first quarter, within our infrastructure managed services business, we launched our cloud management platform to our North American cloud environment. This platform enables our clients to implement a hybrid cloud approach using a highly software-driven and automated solution that requires minimal operational support. We expect to roll out this offering in EMEA during the second quarter, followed by our other regions.

Analytics is increasingly important to the company. This quarter, we launched Machine Learning as a Service, a new offering that enables organizations to predict changes in business conditions and quickly evaluate potential responses. It combines a library of machine learning algorithms with a suite of proven methodologies and processes that analyze and extract important details and insights from clients' data. From this, it generates analytics that forecasts future business and operating conditions for clients and recommends future actions to facilitate and support decision-making. This new service is available as a part of the Unisys Analytics Platform.

Lastly, within our Services business, we continue to ramp up our consulting capabilities with additional consultant hires in the first quarter. Consulting provides an opportunity both for in-year revenue associated

with specific consulting projects, but also creates land and expand opportunities, since it gives us an initial entry point for a broader dialog with clients who may benefit from other offerings we provide.

Moving to Technology, which for us is largely proprietary software, over the last two years, we have undertaken efforts across a number of fronts to improve the performance of this business, including creating a roadmap for our ClearPath Forward clients to upgrade to our newer generation and software-based ClearPath Forward offerings. We believe this has made a meaningful impact with clients, and, although we are still expecting Technology revenues to be down for the full year, we are pleased to report Technology revenue growth for the quarter this year on a year over year basis.

Within our Technology business, as we have discussed, we have been developing new solutions as well as reimagining and modernizing existing solutions. We are also looking beyond best practices in a specific industry to provide to that industry applicable innovations from other environments. We believe that these offerings better position us to address the needs of clients within our focus industries, which is a key element of our strategy to improve revenue and margin trends over time.

For the first quarter of 2017, we launched a number of new offerings, which I will highlight, along with an update on some of the offerings that we launched in 2016, as I discuss key developments within our sectors during the quarter.

With respect to our sectors, our U.S. Federal business had a strong start to the year, with revenue up 6 percent year over year. In the quarter, the U.S. Internal Revenue Service selected Unisys to continue our work updating, operating and maintaining the system used by the United States government to verify and monitor excise fuel tax filings. We also signed a new scope contract in the first quarter to provide application modernization and operations services to support a federal law enforcement agencies national security mission. Additionally, we signed a new logo contract with a partner at Social Security Administration to provide an anti-fraud enterprise solution.

Within our Public business, last year we announced the launch of Digital Investigator, our updated crime investigation management system used in our Justice, Law Enforcement and Border Protection focused industry. We are pleased with the progress we have seen to date. Although revenue is still small, in the first quarter of 2017, it was up significantly relative to what the legacy version of this offering had generated in the prior year period and with the pipeline for the offering up six times that of the prior year period.

A key Public contract in the quarter was with the New Zealand Transport Agency, which has renewed us to support its driver and vehicle registry platform. During the first quarter, we also signed a new logo contract with a United States state government for their gaming agency to create a modern, collaborative operating environment that digitizes the records and documents, enabling easy and effective access to information needed to regulate gaming activities across the state. Finally, we also signed a managed services contract extension with the City of Chicago.

Our Commercial sector launched two new vertically-focused software offerings in the quarter. Our Life Sciences and Healthcare focused industry launched ActiveInsights™ MedDevice, a comprehensive integrated medical device management platform that provides companies within healthcare and life sciences with the ability to seamlessly monitor all of the medical devices within their organization.

Our Travel and Transportation focused industry launched Digistics™, which offers a new holistic and integrated cargo logistics solution that allows carriers to streamline freight management and improve their operational efficiencies.

Our largest contract of the quarter was in the Life Sciences and Healthcare area with Catholic Health Initiatives, CHI, the nation's third largest nonprofit health system, to provide end-user and workspace services for CHI's 90,000-plus employees across the United States.

We also signed a new logo contract in the first quarter for our cloud and infrastructure business to complete a significant digital transformation project with a major European mechanical engineering group.

And finally, we signed a contract with Hitachi Data Systems, or HDS, for end user and workspace support in the United States and Canada. Under the contract, we are augmenting HDS's employee support team so that they are in a position to better expand and improve delivery of warranty services to HDS customers. These contract awards extend the relationship that was established last year when we executed an agreement to support HDS in Asia Pacific.

Within our Financial Services sector, our Commercial and Retail Banking focused industry launched Elevate™, an end-to-end digital banking software platform and suite of applications designed to help financial institutions to deliver instantly secure, omni-channel banking experiences to their customers. This offering was launched in EMEA and Asia Pacific in the first quarter and will launch in the United States and Canada and Latin America in the second quarter.

In the first quarter, Unisys signed a new contract with the largest financial services group in Latin America, to provide automation services for its branch network as well as maintenance and support services for the bank's ATMs throughout Brazil. Our financial services business in EMEA also signed contracts to provide additional processing capabilities for one of the UK's largest retail and commercial banks.

We continue to focus on differentiating ourselves in the market by incorporating security in everything we do. We believe that our Stealth offering is an important part of this effort, both as a standalone solution and by integrating it as a differentiator for our broader set of offerings.

For example, we recently migrated our services management platform to a public cloud environment. In doing so, we were able to seamlessly layer Stealth into the new Microsoft Azure environment. We are also developing an adaptive security architecture in partnership with LogRhythm to help clients reduce the time from detection of a network security threat to response. The software-defined solution combines LogRhythm's threat identification features with Stealth's micro-segmentation capabilities. We expect to launch this offering later this year.

Additionally, during the first quarter, we signed a contract with a leading global payments provider for Stealth security software, as well as application services to support the company's digital transformation efforts.

With that, I will turn the call over to Inder.

Inder Singh, CFO

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

Turning to slide 6, we are pleased with our results for the first quarter of 2017, which we believe demonstrate continued progress against a number of goals that are key to our overall business strategy. We saw expansion of both GAAP and non-GAAP operating margins for the company overall, as well as adjusted EBITDA margin, and revenue was roughly flat on a year-over-year basis. We are reaffirming guidance for the full year for revenue, non-GAAP operating profit margin and adjusted free cash flow, and I will discuss these in more detail later.

We are continuing our focus on improving profitability within our Services segment, and are pleased to see gross margins and operating margins for this segment expand by 400 basis points each, year over year this quarter. With respect to Technology, while we still expect full-year revenue for this segment to be down slightly year over year, we are pleased to report revenue growth of 10 percent in our first quarter.

Lastly, on this slide, as part of our long-term strategic plan and consistent with our goal of actively managing our balance sheet and pension obligation, we completed a \$440 million senior secured notes offering earlier

this month, which I'll speak more about shortly. We also have worked to improve our other operating balance sheet metrics such as DSOs, which improved by 2 days year over year in the quarter.

Turning now to slide 7, some more detail on our first quarter results. Our revenue for the quarter came in at \$665 million, roughly flat year over year as reported and on a constant currency basis. Additionally, GAAP operating profit margin was up 370 basis points year over year to negative 0.4 percent and non-GAAP operating profit margin was also up 340 basis points year over year to 6.3 percent. This highlights continued progress on our goal of improving profitability and was helped by an especially profitable services transaction in the quarter, which helped revenue and margin.

For the first quarter, diluted earnings per share was negative \$0.65 compared to negative \$0.80 in the prior-year period, and non-GAAP EPS was up to a profit of \$0.30 compared to a profit of \$0.11 in the prior-year period. With respect to earnings per share, please keep in mind that the share count used in calculating non-GAAP EPS was approximately 73 million for the first quarter 2017, whereas it was approximately 50 million for first quarter 2016.

And lastly on this slide, adjusted EBITDA was up 41 percent year over year in the quarter to \$84 million, representing a 370 basis point expansion in adjusted EBITDA margin to 12.7 percent.

Turning to slide 8, you can see a breakdown of our first 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 the percentages are largely consistent with what we saw a year ago as well.

Turning to slide 9 for a more detailed overview of revenue by region and sector for the quarter. In line with revenues for the overall company, U.S. and Canada revenue for the quarter was relatively flat, as growth in Technology helped offset modest declines in Services revenue in the region. EMEA saw a relatively stable quarter on a constant-currency basis. Asia Pacific was also helped by currency and had a solid Technology quarter, again offsetting modest declines in Services revenue. Latin America was helped by currency and saw Services revenue growth in the quarter while Technology faced a tough year-over-year comparison.

Now I'll make a few comments on the sector breakdown for the first quarter. Our Federal business had a solid quarter, with revenue up 6 percent year over year, reflecting relatively flat Services revenue and a strong Technology quarter. Financial Services saw growth in both Services and Technology, helped by growth in our Commercial and Retail Banking focus industry. Public saw growth in Services revenue while facing a tough year-over-year compare in Technology. And Commercial saw a strong Technology quarter, offset by weakness in Services.

Moving to our segment results, please turn to slide 10. As we have previously discussed, improving the profitability of our Services segment has been a key focus. We are pleased that in the first quarter, we saw an increase of 400 basis points in our Services gross margin and in our Services operating margin, both of which were also helped by a particularly profitable transaction. Services backlog ended the first quarter at \$3.7 billion. And of this amount, we would expect \$510 million to convert into revenue in the second quarter of 2017.

We are pleased that our Technology segment was up 10 percent in the first quarter 2017, helped by the timing of a few deals, although as we mentioned, our financial guidance still assumes this segment to be down for the full year. As we have said before, we typically see a first half and second half revenue split for Technology of 45 percent and 55 percent. And currently, we expect this year to be directionally similar.

Slide 11 highlights our first quarter cash flow. As we have previously disclosed, in the first quarter of 2016, we had received a \$40 million payment from one of our government clients that had been due in the fourth quarter of 2015, and this boosted reported cash flow in the first quarter of 2016. Additionally, as we mentioned in the last call, we saw some early payments in the fourth quarter of 2016, again, mostly from

some government clients. The combination of these two items largely account for the year-over-year change in the cash flow metric shown on this slide and for the first quarter of 2017.

I would also note that the first quarter is typically a seasonally weak cash flow quarter since we pay out bonuses and commissions during this period. In keeping with our long-term plan of transitioning to a more asset-light business model, our capital expenditures were down slightly year over year, and as I noted previously, we saw improvement in DSOs year over year. We ended the quarter with \$302 million in cash.

As we announced last week, in April, we completed a five-year senior secured notes offering to raise \$440 million at a coupon of 10.75 percent. This debt raise is consistent with our long-term strategic plan and our goal of actively managing our balance sheet and pension obligation.

We have said on prior calls that we monitor the capital markets on a continual basis for opportunities to enhance our liquidity, and we are pleased to have been able to take advantage of such an opportunity. Given that strategy, we included an assumed increase in interest costs as we prepared our full year guidance range on adjusted free cash flow, so that if such an opportunity presented itself, we would not have to revise guidance.

We expect to use the proceeds from this offering to continue to invest in the business and to address our pension obligations in the coming years. We have also discharged the remaining outstanding senior notes due in August of 2017.

In conclusion, we are pleased that the first quarter was a strong start to the year and showed progress against many of our key strategic goals. Based on our performance this quarter and expectations for the rest of the year, we are reaffirming our full year 2017 guidance for revenue of \$2.65 billion to \$2.75 billion (which is a year-over-year decline of 1 percent to 5 percent on a constant-currency basis), non-GAAP operating profit margin of 7.25 percent to 8.25 percent and adjusted free cash flow of \$130 million to \$170 million.

As we look to the rest of the year, we must keep in mind the potential for a quarterly variability, including the fact that the second quarter this year faces a tough year-over-year comparison as the prior-year period was a very strong quarter for Technology and tech revenues in that segment were up more than 30 percent in second quarter 2016.

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

Question & Answer Section

Operator: We will take our first question from Joan Tong with Sidoti & Company. Please go ahead.

Q – Joan Tong – Sidoti & Co. LLC: Good afternoon. I do have a couple of questions. First off, I want to ask about the Service gross margin, as well as operating margin, obviously it's very strong compared to the last year. It does seem to me that your restructuring effort is paying off. But outside that, are we talking about some one-time things here, you mentioned transactions being particularly profitable. Can you just give us some color that what's really causing such a strong performance on Service margin?

A – Peter Altabef – Unisys Corp.: Yeah, Joan. That's a great question. This is Peter. I'll take the first part of that question and then give it over to Inder. I think both of us reflected in our comments the fact that there was a transaction in the first quarter that we felt was particularly profitable for us. Because of that, it had the effect of incrementally increasing margins. Those services margins would have been increased over last year without that contract, but that contract did help.

To put that in context, we had expected that contract to be signed sometime during the year. So, it's really just a question of when, and it happened during the first quarter. So, yes, we were benefited by it, and we thought that it was important enough for us to single it out in our remarks, but the gross margins would have increased without it.

A – Inder Singh – Unisys Corp.: And just to add to what Peter was saying, this is a contract that, frankly, we've had for a period of time. And what we benefit from in the quarter was some software that was part of it as well. As you know, Joan, it's been a focus of ours to improve on contracts that either have low margins or to renegotiate some of these contracts. So, it wasn't a surprise to us that we were able to be successful in demonstrating the improvement of the profitability of this contract. So, we hope that the direction is going to be higher, but of course, we benefited in this quarter, and you saw the results reflected in the very strong gross margin and the operating margin.

Q – Joan Tong – Sidoti & Co. LLC: First of all, thank you so much for the chart number 4 giving us a lot more color in terms of how to think about your business, the focus industry, what is the trajectory in terms of TCV growth as well as the pipeline growth. But if I were to ask you just overall the business is concerned, bookings grew a little bit but the backlog is still kind of flat. So, for the non-focus business, are we going to see things starting to stabilize going forward, just looking at the pipeline. Some color there would be helpful. Thanks.

A – Peter Altabef – Unisys Corp.: So, Joan, let me start again and then hand it over to Inder for his view as well. And let me start with some color on the pipeline. So, I made some references in the call that the overall pipeline was essentially flat, but our win rates had increased. So, let me just explore that a little more. Obviously, the TCV signings in the quarter were up 26%, which we think is very strong.

If we look out for the entire year, well, if we look out now for the entire pipeline, the entire overall pipeline is down about 1% from where it was last year. And if we look at the pipeline of deals even in the year, it's down about 3%. So, I said it was essentially flat, you can pick your 1% or 3%, but that's really looking at the overall pipeline. If you look underneath that, there are a couple of ways to view it.

With respect to the focus industries, the focus industry pipeline is up about 24%, and we think that's important because our win rates are higher in our focus industries than in the non-focus.

Secondly, when we really dig into what makes up the pipeline, even though, let's say, the overall pipeline is between 1% and 3% depending on how you look at it a year ago, the makeup has changed pretty dramatically. So this is a year of less renewals. So, renewals happen for most companies – most clients every three to four to five years. This happens to be a low renewal year.

Now, we are doing very well with clients in getting them to renew. Last year, our renewal rate was 95% in terms of getting existing clients to renew. So, there is a very, very – a higher win rate by value associated with renewals. And there's simply less of it. So, for us to maintain a pipeline and maintain sales or TCV of about equal to last year, that means the other things in the pipeline has to step up this year. That's new logo, new scope and expansion. We actually expect significant increases in new logo, new scope and expansion over what we had last year. And that will kind of make up for the fact that this just isn't as big a renewal year as we had.

So, we think overall, if our TCV over the entire year is kind of consistent to what it was last year, that's actually a very big improvement for us because that means that the new business TCV is going up markedly because we just have a low year in expansion.

Now, with respect to your question about, well, what about the business that is outside of our focus areas? Obviously, the focus areas for us were 43% of revenue and they grew 5.9%. So, if you do the math, you could see the non-focus areas continue to underperform against the focus areas. That's why they're focus areas. We cannot say they're going to grow 5.9% every quarter. I doubt they will. We had a very good quarter in focus areas this quarter. But the general idea is, we are putting more and more investment there. And that is the focus of a lot of the new solutions you heard in my discussion.

That said, some of the things we're doing around automation, about consulting, about analytics – relatively early days on those, but that will help all of our industries, not just the focus industries. So, we do expect the

non-focus industries to stabilize over time, but we're putting relatively more money into investments in the focus industries.

Q – Joan Tong – Sidoti & Co. LLC: Okay. If I may just sneak in one more and then I'll jump back in the queue, really just follow-up on my first question regarding that particular transaction. Was it a consulting project? Or is it an outsourcing project you just started to recognize revenue? Thank you.

A – Peter Altabef – Unisys Corp.: Yeah, it's an existing client in the cloud and infrastructure space.

Q – Joan Tong – Sidoti & Co. LLC: Okay.

A – Peter Altabef – Unisys Corp.: Although various applications were attached to it.

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

A – Peter Altabef – Unisys Corp.: Okay. Thank you, Joan.

Operator: And we'll take our next question from Frank Atkins with SunTrust.

Q – Frank Atkins – SunTrust Robinson Humphrey, Inc.: Thanks for taking my questions. There seem to be a little bit of confusion around the \$440 million issuance, if we look at what's going on with the stock price in the last few weeks. Can you walk us through the logic why now, why go for liquidity given the rate? And how that fits into your plan for strategic management of the balance sheet relative to cash flow?

A – Inder Singh – Unisys Corp.: Sure, Frank. So, this is Inder. So, as we talked about on prior calls, we've always had a strategy of enhancing our liquidity and being opportunistic about capital raises, to address not just sort of near-term needs but really long-term needs, right? If you look at the way we ended last quarter, we had a very strong liquidity position, frankly, sufficient to redeem the bonds that are due in the rest of this year. And so this was more of an opportunistic way for us to set ourselves up for the next few years.

If you think about increasing pension contributions over the next 5 to 10 years, it's part of our strategy to ensure that we're able to generate the operating cash flow, to invest that in growth of the business and then also, to work towards retiring the pension obligation. So, in a rising rate environment, it was not lost on us that it might make sense to do a capital raise now versus some time from now. And as you can tell from the guidance we provided you at the beginning of this year back in January, we had assumed that at some point that could happen. And we were pleased to see that that actually took place, we were able to raise the \$440 million. It's not that we need that tomorrow for anything. However, it does allow us, as I said, to invest in the business and also to address future pension obligation.

Q – Frank Atkins – SunTrust Robinson Humphrey, Inc.: Okay. That's helpful. And also, as we think about the convertible, in my view, there is some short interest around that. One, do you think that's accurate and does it bother you? And do you expect to address that in any fashion going forward?

A – Inder Singh – Unisys Corp.: Well, as you know, when that convertible was announced early last year, Frank, that convertible came along with a capped call transaction. The results of the capped call transaction was that those, in some cases, that went long, the convert, also took a short position to do a fair trade and basically risk arbitrage. So, I don't see that short interest necessarily as a negative indicator. It is simply those investors hedging their bet, if you will. And as you saw through the end of last year, that convertible actually performed quite well and the holders of the convertible saw sort of the bonds trade well above par value.

Over the longer term, if you think about it, the dilutive effect of the convert on the equity is essentially factored in. and as we reported non-GAAP results, you saw that we had 73 million shares we reported this quarter versus 50 million this quarter a year ago. And even then, we were able to grow earnings per share. So, in essence, that debt is pseudo equity at this point in time. I hope that helps.

Q – Frank Atkins – SunTrust Robinson Humphrey, Inc.: Yeah. That's very helpful. Thank you so much. And then last one for me. Can you talk a little bit about the Financial Services sector? We've seen mixed results in

that sector from some of the peers. Where are the areas that strengthen and/or any weaknesses that you're seeing within Financial Services?

A – Peter Altabef – Unisys Corp.: Yeah. Frank, thanks. That's a very good question. We had a good quarter in Financial Services. We grew both Services and Technology revenue. Going out in the future, I have to tell you, we are enthusiastic about all of the solutions that we are just launching. The reception to the Elevate solution, which is our Financial Services new solution, has been beyond any of our thoughts going into it.

As I mentioned, we launched it in Asia Pacific and EMEA. We have not yet launched it in the Western Hemisphere, and we've already got people from Latin America, in particular, already asking, hey, how quickly will it be here. And we're actually already beginning to work with some Latin American customers on the Elevate solution even before we launch it.

So, I think Elevate is going to be a big deal for us in terms of the future of our Financial Services outlook. We spent a significant amount of time and energy developing it. And what it really does, and again, it's a comment I made in my remarks, it's an example of taking lateral thinking into Financial Services. We kind of have a view and look, we've been representing financial services companies for decades and decades. And they all kind of follow many of them, look at best practices in the industry and try to tick and tie and get to best practice across the board, and that's great. But if everybody is trying to get to the same best practices, it means over time, everybody kind of hits the middle of the road. And our view is to look across to other industries that might be a little bit more innovative and then to apply those solutions to Financial Services, and when you do, you really apply heavy iron because Financial Services spends more money on IT than anybody else.

So, in this particular case, our solution is an omni-channel solution. So, it borrows from the omni-channel idea in retail, which is you might start a transaction in retail on an iPad or an iPhone or a browser, but you might wind up solving that or completing that transaction either in the store or on a different iPad or a different browser app. And the data and your, if you will, your outbox stays. That's what we're doing here with Elevate.

So, you might start a mortgage application in one channel and complete it in another channel, which is very unusual in today's financial services where these channels tend to be very rigorous and really quite siloed. So, we're excited about it. We think it's a very innovative approach.

In terms of Financial Services, in general, banks did pretty well the first quarter. And as you're seeing their earnings coming out, the earnings, in general, are pretty strong. And we think that ought to encourage IT spending by the banks. We'll see if that thesis holds true, but that's what we would see.

Q – Frank Atkins – SunTrust Robinson Humphrey, Inc.: Okay, great. Thanks so much and congratulations on the call.

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

Operator: And our next question comes from James Friedman with Susquehanna Financial Group. Please go ahead.

Q – Jon Lee – Susquehanna Financial Group LLLP: Hi, guys, it's Jonathan on for Jamie. Congrats on the quarter.

A – Peter Altabef – Unisys Corp.: Thanks, Jon.

Q – Jon Lee – Susquehanna Financial Group LLLP: One question on U.S. Federal. You guys had mentioned a strong technology quarter in that sector. Can you go into a little more detail on that?

A – Peter Altabef – Unisys Corp.: Yeah. I mean, in general, we did actually well across the board in U.S. Federal. Revenues up 6%. I wouldn't say it was a strong Technology quarter, but I wouldn't say it was anything crazy out of the ordinary. It was good numbers from a relatively weak quarter the year before. For us, I think the bigger tailwinds, if you take in Federal, would be our strength in Homeland Security. And we do continue

to see that as an area of focus for the government and we are fortunate, we think, we have the right solutions at the right time there. So, we continue to be pretty bullish about our Federal business in practice. I wouldn't make too much out of the Technology year-to-year numbers.

Q – Jon Lee – Susquehanna Financial Group LLLP: Got it. That's helpful. Thank you.

Q – Jamie Friedman – Susquehanna Financial Group LLLP: If I could just follow up here. It's Jamie. I apologize for my voice; it's allergy season. But I just want to ask a housekeeping question maybe for Inder. So, this was the first quarter that we saw kind of a benign replacement neutral currency, and that was a little different than we had calculated but that's more art than science. I'm just wondering if you could just put through a couple of the moving parts, Inder. Is it Australia or Japan or Venezuela, how did that work?

A – Inder Singh – Unisys Corp.: Yeah. I mean, the four currencies, Jamie, that we are the most exposed to are the UK pound, the Brazilian real, the Aussie dollar and the euro. Of those four currencies, the two frankly that played the most role for us were continued weakness in the UK pound, consistent with what you've been seeing post-Brexit, and then interestingly, a strengthening of the Brazilian real. So, those two things are what caused the currency impact to be relatively benign. It doesn't mean that's a trend, it's just what we saw in the quarter.

Q – Jamie Friedman – Susquehanna Financial Group LLLP: Interesting. Okay. And then if I could follow-up with one more. Peter, a while back you had announced that Border Enforcement BEMS contract. I know it was more like a scope opportunity, but in general, could you update us as to how you see the company positioned and where you are in that journey in the Border Enforcement opportunity?

A – Peter Altabef – Unisys Corp.: Yeah, Jamie. So, there's two elements to that for us. There's the U.S. side and the global side. On the global side, we are bullish about border opportunities. As I think I had mentioned on the call before, we do have some work underway with EU on that. We have some work underway in Asia Pacific, and we are in conversations in the UK.

We expect to have a new solution that is specifically targeted to outside the U.S. market on border security called LineSight, which we intend to launch by the end of this year. In terms of the U.S. border security market, again, that is pretty much Homeland Security. And as I mentioned earlier, we're very active in moving on work there, and we think we are doing a good job, frankly.

Q – Jamie Friedman – Susquehanna Financial Group LLLP: Okay. I appreciate the color. Thank you.

A – Peter Altabef – Unisys Corp.: Did I miss a specific question, Jamie? I want to make sure I'm responsive.

Q – Jamie Friedman – Susquehanna Financial Group LLLP: No, we had followed the BEMS vehicle a couple years ago; it was one of those IDIQ, Indefinite Delivery/Indefinite Quantity. I mean, fancy language but I was trying to figure out where – but you may have encompassed that in your answer.

A – Peter Altabef – Unisys Corp.: Well, let's just put it this way, given all of the things going on in border security, I would not expect a huge new contract this year. I would expect a lot of project work, because I think that the agency is just involved in a lot of different projects. So, I think there isn't going to be one big bang, I don't think there's going to be one big bang renewal. I think you're going to see a lot of projects. And that actually might take away from a TCV number, but from an ACV number and from an ongoing revenue generation, we think that's actually a better answer.

Q – Jamie Friedman – Susquehanna Financial Group LLLP: Yeah. Okay. Thanks for the update.

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

Q – Joe Vafi – Loop Capital Markets LLC: Hey, guys. Good afternoon. Sorry, if there's a little background noise. Just I had a high level question around the business moving forward and business that you're going after in the focus areas, the non-focus areas, and just wondering how you strategically look at, say, potentially a large

infrastructure maintenance piece of business that is going out for RFP now? It could be pretty big, you have a good chance of winning it, but it may have some upfront capital requirement and it may not be the direction that the company is going. How do you look at that opportunity now given what you have ahead of you in terms of repositioning the business and looking out to pension obligations and the like?

A – Peter Altabef – Unisys Corp.: Yeah, Joe. That’s a great question. I guess the first way to answer that is, never say never, right? And every deal is going to be looked at on its merits. I would say that as Inder referenced in his comments, we are really focused on a more capital-light approach. We are really focused on moving a lot of work into the public cloud environments, using CMP, which is our new hybrid cloud platform. We think, frankly, in many cases, that’s the right answer for the client. So, we think the right answer for the client lines up with a capital asset-light approach.

I will tell you, we also have very strong relationships with partners. And some of those partners are in more hardware-intensive industries than we are. And so, we’re not so much shying away from a contract like that as making sure if we were going to investigate a contract like that, we’d really be doing it hand-in-hand with some partners whose job it really is to handle some of the more capital-intensive businesses.

A – Inder Singh – Unisys Corp.: Yeah, I will just add to that. I would say that I agree with everything that Peter said about the asset-light model. It remains our focus. We just reaffirmed guidance for the full year for adjusted free cash flow. That assumes CapEx to be essentially flat year-over-year, Joe. And I would also say that I would not draw any inferences between the \$440 million capital raise and the need for any more capital this year, if that’s kind of what you are thinking.

We certainly will be opportunistic in looking at deals, as Peter said, and never say never to a large attractive deal, but it is not our intent to drive up CapEx in any way. Moreover, as Peter pointed out, we’ve moved and started to move more and more clients off of our own data center infrastructure on to the Microsoft Azure cloud exactly to drive down CapEx. So, the capital raise is not because we’re facing any sort of opportunities that we can see here in the near future that would require additional capital. I just wanted to make sure I clarify that.

Q – Joe Vafi – Loop Capital Markets LLC: Right. No, that’s clear. I was just wondering how you’re philosophically looking at business opportunities. And would you say that you’re managing the business – I mean it’s great to see margins go higher, but if you looked at the business overall, would you say the number one way you’re managing the business, for margin or for cash flow?

A – Peter Altabef – Unisys Corp.: Well, if we look at this as kind of a multiyear effort, Joe. I would say in the first couple of years – I’ve been at the company now a little over two years. We just didn’t have a cost structure that we felt we were comfortable with. And so, a lot of the cost take-out has been to get a more robust cost structure in place.

I think where we are now, certainly where we expect to be by the end of the year, is really to have a more robust cost structure. So, I think we have more insight into our true costs now than we had before. I think we have more insight into the roadmap of the technologies we’re applying now this year around automation and around AI, around analytics and what that does to our cost.

So I think you’re seeing a shift for us where, clearly, margins are still important and cash flow is still important. But while I would say we were less focused on revenue growth and on new sales while we had to get the foundation of our offerings aligned, that foundation is coming on board. You’re seeing a significant number of new solutions for us. We launched three of them this quarter. That’s a very big number for us. And we didn’t do that not to get revenue out of them. So, I would tell you we are very much open for business and looking to grow revenue over time.

Q – Joe Vafi – Loop Capital Markets LLC: Right. And then just one final one. I think probably you have the high yield offering being kind of probably seriously contemplate it when you announced your Q4 and provided

guidance for 2017 and obviously you didn't change your cash flow guidance even though you're going to have higher interest costs this year. I was wondering if you could provide some commentary on the cushion that might have been able to gain in that guidance to not have to change guidance now, and if you could relate that to your cost reduction efforts.

Just I guess in that initial guidance, we didn't really see a lot of the benefits the cost takeout in this year's cash flow guidance. So, I don't know if that's clear enough, but if you connect the dots between the conservative guidance, the increase interest costs this year, but then benefits from the cost takeout that's been ongoing. And that's all I got.

A – Inder Singh – Unisys Corp.: Yeah. So, just on the cash flow guidance first off, right? I mean, when we provided the cash flow guidance at the beginning of the year and we looked at the midpoint of what we guided this year versus the midpoint of what we had guided a year ago, that was directionally higher. We realized and it's not lost on us that we had a very strong cash flow year last year.

We continue to have a laser focus on cash flow, as Peter noted. I mean, margins and revenue are very important, cash flow is also very important. Assumed in our guidance was the possibility that we could do a debt raise at some point in time, not clear to us exactly when that would have happened. But the reason we didn't have to change the guidance, frankly, was because we already assumed that.

The structure of the cash flow guidance that we gave, therefore, hasn't changed. It isn't as if we are benefiting on one side and using the benefit on the cash flow to do something else in cost restructuring. We're on track. By virtually every metric when we look at the guidance that we've provided, whether it's cash flow, cash from operations, working capital, you can see the results we had in the first quarter, and so reaffirming guidance basically to us is comfort from the fact that we're executing the way we thought we would. The timing of the financing, of course, is never certain. But we felt comfortable at the beginning of the year that if the opportunity presented itself when we saw the Fed begin to raise rates, it wasn't lost on us that it might be a good idea to try to raise capital earlier in that interest rate cycle rather than later in that interest cycle. That's the only thing that drove that timing.

Q – Joe Vafi – Loop Capital Markets LLC: All right. Thanks so much.

A – Inder Singh – Unisys Corp.: Sure.

A – Peter Altabef – Unisys Corp.: Joe, thank you. And I appreciate it. I think this is the first call where you've asked questions, and we greatly appreciate that.

Q – Joe Vafi – Loop Capital Markets LLC: Thank you very much for the opportunity, Peter.