

**3Q19 Financial Release
CEO/CFO Statements
October 29, 2019**

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 third quarter 2019 financial results. I'm joined this afternoon to discuss those results by Peter Altabef, our Chairman, President and CEO; and Mike Thomson, 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 third 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 profit, non-GAAP diluted earnings per share, free cash flow and adjusted free cash flow, EBITDA and adjusted EBITDA, and constant currency.

In addition, this quarter, we will be continuing to report non-GAAP adjusted revenue and related measures as a result of certain revenue and related measures related to reimbursement from the company's check processing JV partners for restructuring expenses included as part of the company's restructuring program. For more information regarding these adjustments, please see our earnings release and our Form 10-Q for the quarter. 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 to review our third quarter financial results. The third quarter reflects continued progress on a number of our key priorities including total company revenue growth and margin expansion. Our focus on security and differentiated IP is resonating and helping us win contracts, and our US Federal sector continues to see strong performance. In addition, cost management helped drive improved profitability and also helped drive improved adjusted free cash flow year-over-year.

Non-GAAP adjusted revenue and non-GAAP adjusted Services revenue grew for the sixth consecutive quarter. Services non-GAAP adjusted operating profit margin also expanded. Technology revenue was up year-over-year in the quarter. In light of the overall revenue growth we have seen so far this year, as well as our expectations for the rest of the year, we are increasing our non-GAAP adjusted revenue guidance for the full-year 2019 from 2% to 5% to 3% to 7%. Mike will provide more detail on this and on our financial results overall shortly, but first I wanted to provide some more insight into the business.

At the segment level, as I noted, we saw continued growth in Services revenue. IntelliServe and CloudForte have begun to differentiate our go-to-market efforts much as Stealth and security have been doing. The product type nature of these solutions also allows us to bid contracts at more attractive margin profiles than otherwise would be possible. On last quarter's call, we discussed a number of recent wins involving CloudForte, so I'd like to spend a moment on two recent wins with IntelliServe.

During the third quarter, we signed a contract with Nutreco to expand the solutions we provide to include a secure, highly automated enterprise service management platform. The solution leverages IntelliServe, as well as, ServiceNow technology to enable an omnichannel approach to service test support for an improved end-user experience. During the quarter, we also signed an expanded contract with Bancolombia to support the bank's digital transformation powered by IntelliServe. We will also be providing security services via Stealth biometric identity management software for critical transactions. We were pleased to see another quarter of year-over-year Services operating profit margin expansion. Increased efficiency of our Services delivery engine remains a top priority for us and we are working to further integrate intelligent operations, automation and emerging technologies.

Our land and expand strategy within Services also aims to enhance margins as well as drive revenue growth. We again saw a number of examples this quarter of clients entering into contracts with us for new or expanded application services, project-based work or software, and those include the Nutreco and Bancolombia contracts I just mentioned, as well as, most of the additional contracts I'll highlight throughout this discussion.

Moving to our Technology segment, third quarter revenue was up year-over-year. We mentioned in the second quarter that several technology deals had been signed earlier than expected. In the third quarter we, had one large contract move in the other direction. We now expect that contract to be signed in the fourth quarter. Further, we had a Technology contract in our U.S. Federal sector that had a large third-party component in the third quarter, so that impacted margins for the segment.

Security continues to be a critical element in our offerings. As we have consistently discussed, security for Unisys does not just mean our standalone security solutions such as Stealth or TrustCheck; rather security is an inherent part of much of the work we do across the company, and we continue to incorporate our specific security solutions more broadly into our Services offerings. This has differentiated our go-to-market efforts and helped drive a number of recent contract wins.

During the third quarter, we announced that Unisys became a member of the Cyber Security Coalition, a partnership among more than 60 organizations from the public and private sectors and academic world that have joined forces in the fight against cybercrime. The organization's key focus areas are cybersecurity awareness, enterprise security architecture, cloud security and compliance, all to help tackle cybersecurity threats and attacks.

With respect to Stealth specifically, we continue to evolve our offerings. Unisys Stealth security software now leverages the new Microsoft Azure Service Tag Discovery Application Program Interface, or API, for additional security for clients accessing cloud-based Azure services. The API gives Enterprise clients the ability to incorporate Stealth while accelerating the migration of sensitive workloads into Azure.

I'll now provide some color on our various sectors. As I noted, our U.S. Federal sector continues to be one of the key drivers of strong financial results with a number of large recent contract wins and with 53.6% revenue growth year-over-

year. During the third quarter, we signed a contract worth \$214 million with the U.S Defense Information Services Agency, or DISA, which is the agency that provides enterprise IT support to the full spectrum of military operations.

Under the contract, we will be using IntelliServe to optimize, modernize and consolidate service desk and field services for 19 of the Defense Department's 4th Estate organizations, a group of agencies and field activities that reside outside of the military branches and provide support functions critical to the military services. This award marks the second contract DISA has awarded to us in 2019 following the award of an approximately \$150 million contract in the second quarter to support DISA's Joint Service Provider program for the secure management and maintenance of the Department of Defense IT infrastructure. We also signed a \$100 million plus new blanket purchase agreement with a civilian agency to provide a wide range of cloud services, leveraging our CloudForte solutions across multiple cloud service provider platforms.

In our Public sector, our recent large wins with state governments continue to contribute to revenue growth for the company. In the third quarter, non-GAAP adjusted revenue for our Public sector was up 11% year-over-year, and during the quarter, as another example of our land and expand strategy, Unisys signed an expanded contract with the Queensland Department of Transport and Main Roads in Australia to provide the department's new Facial Signature Image Processing system for its smartcard driver's licenses. The solution utilizes Unisys Stealth multifactor identity management and authentication to automate the process of biometric enrollment and the capture of biometric data across physical and digital channels including mobile devices.

In our Commercial sector, non-GAAP adjusted revenue was down 15% year-over-year largely due to a difficult compare in Technology as a result of a large renewal that we signed in the prior-year period. We also signed a contract in the third quarter to help MASkargo, the cargo division of Malaysia Airlines, expand its range of cargo booking options with a new online booking service that allows customers to access space inventory, service purchasing and delivery tracking services and do this all via the Internet. We will provide our Digi-Connect systems integration services to link the airline's website to our core Unisys Digistics air cargo digital logistics management solution. Encouraging more customers to use online booking services is a key step in that airline's digital transformation.

Speaking of airlines and airports, we also signed a new scope contract in the third quarter with Bangalore International Airport Limited to integrate and manage all IT for Phase 1 of the Bengaluru Airport's second terminal, known as T2. The airport is the third busiest in India, and, under the contract, Unisys will manage the implementation of more than 20 new IT systems and will also undertake systems integration of a complex network of IT and non-IT systems supporting the upcoming T2 infrastructure.

Lastly, Financial Services non-GAAP adjusted revenue grew 9% year-over-year, driven largely by a particularly strong Technology quarter. In addition to the Bancolumbia contract I mentioned earlier, Unisys signed a new agreement with a leading provider of consumer credit products based in the US to help it migrate to a public cloud environment. The move is a key part of its digital transformation efforts and will allow for greater business flexibility, improved security and reduced downtime.

In conclusion, we feel good about the revenue momentum and margin expansion in the quarter. We have been listening to our clients and evolving our solutions, and the market is responding positively. We remain focused on improving efficiency, maintaining cost discipline to help further drive improvement in margins over time, especially in light of their impact on cash flow, which is a critical area of focus for us.

Mike will now provide more detail on our financial performance. Mike?

Mike Thomson, CFO

Thank you, Peter. Good afternoon, everyone, and thank you for joining us today to discuss our third quarter results. In my comments, I will discuss both GAAP and non-GAAP results and provide color for our key business drivers. Reconciliations of GAAP to non-GAAP measures can be found within our earnings presentation. We are pleased to see continued progress in our financial results during the third quarter.

Please turn to slide 4, which shows some of the key metrics each of which was up year-over-year and ahead of consensus estimates where available. You can see here the continued revenue growth and margin expansion that Peter

mentioned earlier. Our go-to-market efforts continued to be differentiated through our focus on security, our new cloud offerings and digital workplace services, and we again saw revenue growth for the total company supported by revenue growth in both our Services and Technology segments. We have also continued our sharp focus on reducing our cost of delivery and saw expansion year-over-year in Services margins at both the gross and operating level. With respect to specific results, non-GAAP adjusted revenue grew 9.6% year-over-year to \$750.8 million in the third quarter or 11.3% on a constant currency basis. This represents the sixth consecutive quarter of year-over-year non-GAAP adjusted revenue growth for the company. This was supported by continued strength in U.S. Federal. Non-GAAP adjusted revenue for this sector was up 54% year-over-year to \$206 million representing the highest growth rate we've seen for this sector in over 15 years.

As with the company overall, the growth in our U.S. Federal sector was all organic. Non-GAAP operating profit margin expanded 100 basis points year-over-year to 8.7% and adjusted EBITDA margin expanded 10 basis points year-over-year to 14.1%. Non-GAAP EPS was up 25.6% year-over-year to \$0.49 per share. While not explicitly highlighted on this slide, I'll remind you that the convertible note transaction we undertook in the quarter resulted in a \$20.2 million or \$0.35 per share charge in the quarter which impacted GAAP EPS. Consensus estimates did not reflect this charge. Had they done so, we would have beaten estimates on all the metrics shown on this slide as well as the GAAP EPS.

Please turn to slide 5 for more detail on our segment results. As we've discussed, we saw revenue growth in the quarter for both Services and Technology segments. Third quarter Services non-GAAP adjusted revenue grew 7.4% year-over-year marking the sixth consecutive quarter of year-over-year growth for the segment. As we noted, we saw improved Services margins overall in the third quarter with Services non-GAAP adjusted gross profit margin up 140 basis points year-over-year to 16.8% and Services non-GAAP adjusted operating profit margin up 190 basis points year-over-year to 4.5%. We were pleased with this overall margin expansion as well as the continued decrease in the impact that transitional business was having on our Services margins. Transitional business margin impact has decreased since the beginning of the year and we expect it to continue to do so going forward.

We maintain our focus on continuing to expand our margins over the longer term including through the use of third-party labor where efficient, further implementing automation, exiting operations in countries where there are structural impediments to profitability and continued best shoring of labor. As previously noted, this year we still anticipate some restructuring actions and we expect these would be roughly consistent with the size and scope of the restructuring we announced in Q4 of last year. At this point, there are no immediate plans for additional actions beyond this.

Services backlog ended the quarter at \$4.2 billion relative to \$4.9 billion in the prior-year period. The prior-year growth rates represented the highest growth for that metric that we've seen since 1999. We have consistently noted that such growth and backlog levels were not necessarily sustainable, expected or needed. Although this year's level is down year-over-year, it is substantially aligned with our expectations. We still view this as a solid level that supports our medium-term revenue growth expectations which continue to be in the 2% to 4% range. I would also highlight that we only included the funded portion of our U.S. Federal Services backlog in this metric. The funded backlog for U.S. Federal was down 12% year-over-year in the quarter; however, this is largely due to timing and funding considerations. When including U.S. Federal unfunded backlog, which represents the total future revenue potential, the total backlog for U.S. Federal and the company overall increased over the year.

Given the level of U.S. Federal backlog, we currently expect that sector to see revenue growth above 20% for the full-year 2019. Of the \$4.2 billion of total company Services backlog, we expect approximately \$580 million to convert into Services revenue in the fourth quarter of this year. With respect to Technology, we saw revenue growth of 25.2% year-over-year. As noted, while significant, this growth was slightly lower than anticipated given that we had one contract that was expected in the third quarter that we now expect to sign in the fourth quarter. As we have frequently discussed, while we have good visibility into renewals coming into the year, there can be variability in terms of exact timing of renewals within the year. We still maintain our expectations for full-year 2019 Technology revenue being roughly flat relative to non-GAAP adjusted Technology revenue in 2018.

Profitability for Technology was impacted by the delayed contract as well as the third-party component of a U.S. Federal contract that Peter noted. This third-party component was expected in conjunction with the contract, so it does not

impact our profitability expectations for the full-year 2019. Technology gross profit margin was 51.1% versus 62.4% in the prior-year period. Technology operating profit margin was 33% relative to 39.7% in the prior-year period.

I'll now turn to slide 6, which provides more detail on EBITDA and cash flow. We have already discussed adjusted EBITDA which saw expanded margins in the quarter. Our improved profitability also translated to another quarter of year-over-year improvements in cash flow. Operating cash flow was up \$33.2 million year-over-year to \$17.7 million relative to a use of cash of \$15.5 million in the prior-year period. Free cash flow for the quarter improved \$48.9 million year-over-year to a use of \$14.3 million from a use of \$63.2 million in the prior-year period. Adjusted free cash flow was up \$41.9 million year-over-year to \$35.5 million versus a use of cash of \$6.4 million in the prior-year period. Lower year-over-year CapEx also helped drive improvements in free cash flow and adjusted free cash flow. CapEx for the quarter was \$32 million versus \$47.7 million in the prior-year period.

As we previously discussed, our CapEx target is between 5.5% and 6.5% of revenue. As noted last quarter, our current expectation is to be at the high-end of that range for 2019 as we expect full-year CapEx to be approximately \$180 million as a result of slightly higher spending than initially anticipated on certain new contracts. We continue to seek out opportunities for third-party financing of CapEx where available to help mitigate the impact on cash. As a result of this, we expect full-year cash usage for CapEx to be lower than our original expectation of \$170 million despite the slightly higher expectation for CapEx overall.

In the second quarter, we provided some color on how we think about security and the revenue it drives. In the third quarter, approximately 20% of total revenue was security related. In that number we're including specific security solutions such as Stealth, managed security services work, such as border security or identification processing, and revenue from clients whose mission is security driven and the majority of the work that we provide is security related. As we noted last quarter, this by no means covers all instances in which security is relevant at Unisys, but allows us to look at a discrete subset of our overall business for insight into the most tangible ways security is driving results.

Please turn to slide 7 for a discussion regarding the pension. With respect to the pension obligations, we continue to assess options for proactively managing these obligations including the recent application we filed with the IRS for minimum funding waivers and potential capital market alternatives. In the interim, as we've done in recent quarters, we wanted to provide some informal color as it pertains to pension metrics. The slides in the appendix of our earnings presentation have not been updated to reflect the changes that I'll walk through here. While GAAP pension deficit values can fluctuate significantly, we believe the more relevant analysis relates to expected contributions and their impact on cash flow. Changes in interest rates have virtually no near-term impact on the funding liability used to calculate contributions, as the discount rates for funding purposes are constrained based on averages over a 25-year period. Changes in interest rates will affect the funding liability over time, but this impact is muted for several years.

Contributions are much more sensitive to asset returns than to interest rates in the near term. As a result, the decline in interest rates, with all else being equal, actually has a beneficial impact on contributions in the near term. This is because the returns on the fixed income portion of our portfolio will benefit from such a decline in rates and will offset the muted impact of the discount rate. Reflective of all this, based on September 30 returns and market conditions, our estimates suggest that with rates having declined substantially, contribution requirements through 2024 would have been about \$145 million lower than our 2018 estimates while the deficit would have increased by approximately \$100 million.

Also on slide 7, you can see some illustrative examples of how returns and discount rates can impact our obligation. This slide again highlights the importance of asset returns. In addition to the illustrative examples you see on the slide, on an actual historical basis, annualized returns on assets over the past 10 years have enabled us to fund \$3.7 billion in benefit payments without a material decrease in asset levels, even as discount rates have declined over that same period. Additionally, the illustrative examples on the slide highlight what I just discussed, while interest rates can have an immediate and significant impact on the accounting deficit, they have a more muted impact and less near-term impact on cash contributions.

You can also see a theoretical illustration of how returns on the fixed income portion of the portfolio resulting from rate declines help offset the negative impact that declines have in the discount rates on both required cash contributions and the accounting deficit. Incremental returns on the non-fixed income portion of the asset portfolio further offset any negative impacts of potential interest rate declines.

Overall, we're very pleased with our results for the third quarter and on a year-to-date basis. Given the results and our expectations for the rest of the year, we're increasing our non-GAAP adjusted revenue guidance for the full year 2019. As a reminder, we increased our non-GAAP adjusted revenue guidance in the first quarter to 2% to 5% year-over-year growth. We're now increasing that range to 3% to 7% year-over-year growth or \$2.845 billion to \$2.955 billion. We're also reaffirming our guidance for non-GAAP operating profit margin of 8.25% to 9.25%, and reaffirming our guidance for adjusted EBITDA margin of 14.4% to 16.0%.

As we look to the remainder of the year, we continue to focus on operational discipline and efficiency and our active approach to manage the pension obligations. We look forward to continuing our work on these fronts to drive towards a strong finish for 2019.

With that, I'll turn the call back over to Peter.

Peter Altabef, CEO

Thank you, Mike. Operator, we're ready to take questions.

Question & Answer Section

Q – Jon Tanwanteng – CJS Securities: Good afternoon, gentlemen. Great quarter. Thank you for taking my questions. My first one is, are those large state contracts that you signed last year now with their average lifetime margins or is there still some way to go before you get there?

A – Peter Altabef – Unisys Corp.: There's still some way to go, and you can see the changes in Mike's comments. When we talk about transition margins, I think we're down about 140 basis points because of transition margins, and that will diminish pretty quickly through the fourth quarter. We'll still have a remnant of that going into next year, but we're expecting some substantial improvement. Mike, any further color?

A – Mike Thomson– Unisys Corp.: Yeah, that's exactly right. If you recall, Jon, in Q4 we were talking about that being roughly 180 bps drag. We've seen two sequential quarters of reductions on both of those and we expect that by the end of the year we'll essentially be done talking about that.

Q – Jon Tanwanteng – CJS Securities: Great, thanks for that color. And then in terms of the pipeline going forward, you mentioned being more selective in your margin profiles and probably on your ability to select projects that require less upfront cash investment. Can you comment on that compared to what you've been signing over the last year or 18 months or so and if that really is improving and by how much?

A – Peter Altabef – Unisys Corp.: Yeah, a little bit. It's a little bit like finding the porridge at exactly the right temperature. So, at the end of 2017 and through 2018, we signed substantial state and local deals that have driven revenue, the ones we just talked about, Jon. They're a little more capital intensive than some of the other work we do. So, we've been pretty careful this year, given our cash flow requirements that we not load up with those. So, we've been more selective. Going forward, we believe that we'll be able to expend a little more capital on deals which is going to actually open up that pipe a little bit, but things have happened since then, right? So IntelIServe and CloudForte have now come online to give us much better applications, infrastructure and field services and service desk foundations. So, while we're going to open up that pipe a bit in 2020, we still expect to get a higher margin profile for the same dollars because of the new systems.

A – Mike Thomson– Unisys Corp.: Yeah, Jon, I would also maybe chime in there. We talked about this last quarter as well, but over the last 18 months we've signed \$2.1 billion of TCV in our Federal business. As you recall, our Federal business is a little less capital intensive and the margins come online a little quicker than they do on the Commercial side

because the Federal business, typically you're building assets for the Government. So, the timeframe in which you're working on that is revenue recognized immediately. For those two reasons, I think that'll give you some insight as to why we think that's going to happen.

Q – Jon Tanwanteng – CJS Securities: Okay, great, thank you. And then, just touching on the Federal business, which you just mentioned conveniently, you're seeing 20% growth in that segment this year, given that most of these contracts were signed midway through the year, should we expect to see that momentum increasing or continuing, at least, through 2020?

A – Mike Thomson– Unisys Corp: Yeah, Jon. As we've talked about last quarter, we had 33% growth in last quarter. We're up 54% this quarter. We've really been, as we've consistently said all year, hitting above our weight in that sector, and we really see no curtailment of that right now. So, we're pretty bullish on it.

A – Peter Altabef – Unisys Corp: But, again, as mentioned by Mike, it works a little differently than 73% of our business on Enterprise. So, you get that bump in revenue growth almost immediately with the Federal deals. So, you would not expect numbers like the ones we put up this quarter to re-occur because we've already taken that bump.

Q – Jon Tanwanteng – CJS Securities: Okay, great. And then finally, just going back on something you mentioned, Peter, the opening of the pipeline and using a little bit more in capital in terms of deals, is that dependent on your ability to get this IRS exemption or you can do that without that?

A – Peter Altabef – Unisys Corp: We can do that without that. We can do more of it with it. I would say it's a question of degree and not an on/off switch.

A – Mike Thomson– Unisys Corp: Yeah, and, Jon, I would also remind you too, if you recall, when we did those deals in 2018 we had a lot more of them going on than we historically have. So, we may have been running twice as many deals. When we came into the year in 2019 we had a lot of that CapEx committed. As we've worked through the transition of those, it frees up CapEx in 2020.

Q – Jon Tanwanteng – CJS Securities: Okay, great. That makes sense. And one more final one, a couple weeks ago you hosted a webinar on your security business and your Technology platforms, ClearPath was one of the businesses that seemed very interesting to me, in that you're investing to put it on the cloud and enable more developers to actually code on the platform. Is it possible for that business to become a growth business going forward as opposed to the maintenance and recurring revenue stream that it is today?

A – Peter Altabef – Unisys Corp: Well, it's interesting. It kind of depends on how you look at that business. If you look at that business just as reflected in our Technology segment, then it has been a slight decrease in revenue over time. If you open the aperture a bit and look at that business as including the warranty and maintenance work and including the Services work we do for clients that have that platform, over the past several years it's actually been a modest growth business. So, depends on the aperture.

What we expect now that we are increasingly, and we've been doing this for a while now, it takes a while to get it all over, but we're increasingly putting ClearPath into a cloud environment on a hybrid basis and we're increasingly developing the language skills that can be used. By the end of this year, you're going to see a lot more emphasis on using Python for instance.

I think what that's going to do immediately is allow existing clients to increase their workload using ClearPath and move more things into that workload. It's still unproven whether we're going to get new clients into ClearPath. We would like to do it. We just don't have a proof point yet. So, in terms of the pathway, our modeling is continuing to see a slight decrease in the license revenue on ClearPath, made up really by the Services and maintenance revenue, so that overall, it's pretty much a wash. If the hybrid platform, and the new Python language skills really get momentum, that can turn into a positive.

Q – Rod Bourgeois – DeepDive Equity Research: Hey guys, nice quarter, it's interesting just to set the context for my question. It seems a year ago, part of the worry was your revenue growth efforts were having some margin tradeoffs because of deal ramps. But now, with the mix shifting to Federal, you're having better revenue growth and expanding margins. I guess my question related to that is, are you able to take some of the lessons learned from your Federal business and apply it to your other businesses, such that, you have more ability to drive revenue growth and margin expansion from here?

A – Peter Altabef – Unisys Corp: Rod, this is Peter. That's a great question. We don't really give margin data between Federal and Enterprise Solutions but, if you've noticed in my comments, I give a shout out to the Enterprise Solutions business for driving profitability expansion year-over-year. So, the most significant increase in margins actually came from Enterprise Solutions, not from Federal. The most significant increase in revenue came from Federal. We actually are already seeing some push in that Enterprise Solutions on higher margins. But, I would say, we're showing that we're on the path for increased margin on that Enterprise Solutions business in the Services segment, which is the critical segment we needed to grow in.

A – Mike Thomson – Unisys Corp: Yeah, and Rod, I would echo Peter's comments for sure. Clearly, whether that's through automation, whether it's through the continued work we've been talking about in transactional business, I mean all of that is ES-released. And, we continue to look forward to expanding that margin on the ES side. It's not, your point is valid on Federal, clearly, the top line is growing, but the margins are fairly consistent. It's driving absolute dollars, for sure, but the margin profile is pretty consistent on the Federal side.

Q – Rod Bourgeois – DeepDive Equity Research: Okay, and I don't want to ask for an outlook over the next year on margins, but the way you're talking about these levers, you do have a headwind over time as your Technology mix goes down, but it seems, the levers you're talking about on service margin, at least right now, appear sufficient to offset the drag from the Technology mix going down? Is that a good way to think about the trajectory that you're on right now with the margin side?

A – Peter Altabef – Unisys Corp: I think it's an excellent way to think about the trajectory. And remember, I said that you are expecting a slight decrease in Technology, let's say in ClearPath Forward, made up on the revenue side by some of the ClearPath Forward services. But the ClearPath Forward services don't come with the same margin profile as the ClearPath Forward licensing, we do expect to make up for that with higher efficiencies and higher margin, but it takes a push to get net higher margin especially when you're growing revenue.

Q – Rod Bourgeois – DeepDive Equity Research: Okay, great, and then, one final check on the pension side. I know you're working on the IRS front, but you're also working on other pension related matters. Without asking you to go through the whole laundry list, are there other pension related initiatives that you can give us an update on right now? And I know we'll probably learn more towards the end of the year, but is there any other pension initiatives that we should hear about right now?

A – Mike Thomson – Unisys Corp: Yeah, Rod, I wouldn't say there are more initiatives than we've discussed in our prior calls. I mean clearly, we're always looking to manage that pension obligation. We've talked originally about some bulk lump sum opportunities that we'd like to look at. You've mentioned the IRS waiver. Clearly, any type of annuitization down the road, looking at what we can do in our capital structure. I think we talked about in our prior call on capital structure that we've got a make-whole provision coming due in April of next year, that we're looking at what we can do in our senior secured notes. That might free up some opportunity for us to either upsize and refi those notes, and give us some more opportunity to deal with some of the upcoming pension contributions.

I would tell you, just in lieu of the comment here, we've been having active discussions with the IRS and the PBGC in regards to the applications, and although there's no specific date that the IRS will say, "Hey, this is when we would give you an answer," we did request expedited processing and we've had, again, some good conversations with both parties. At this point, there are no open questions, from my perspective, that have not been answered to those parties. We're anxiously awaiting their response.

Q –Ishfaque Faruk – Sidoti & Co LLC: Hi, good afternoon guys. A couple of questions from me. First of all, the Federal sector, it's growing very fast. Is there anything in particular to read into that? Are you guys underpricing contracts or something along those lines? And, there has been obviously volume upticks associated with the large DISA contract, for example.

A – Peter Altabef – Unisys Corp: Right, it's a fair question, Ishfaque. The answer is no, certainly not knowingly, and the good thing about Federal contracts is they tend not to be large fixed price contracts. So, you tend not to get into too much trouble once you've modeled it correctly. What I would say is, I go back to my remarks and some of Mike's remarks, I think part of the reason we have been successful in growing that business organically is the solutions we're bringing to bear. So, whether it's Stealth, whether it's CloudForte, whether it's IntelliServe, that is clearly those solutions around applications, cloud migrations, infrastructure, security are resonating with the Federal government. I really think it's the solutions we're bringing to bear and then there's also the team. We've built that team for a number of years, and I would tell you we just have an extraordinary team in the Federal government. We're very fortunate to have both of those line up at the same time.

Q –Ishfaque Faruk – Sidoti & Co LLC: Okay, and just to follow up on that, on the Public sector side, is the pricing similar or the profitability similar relative to the Federal sector at this point because you guys mentioned earlier on the call that you'll soon evaluate or bid for deals, some of the more capital-intensive deals?

A – Peter Altabef – Unisys Corp: The Public sector is pretty different in that, unlike U.S. Federal, whether it's international public or state and local public, there's more of a desire for Governments in that context to have us bear some of the capital costs, and there is more of an appetite for fixed price deals. So, you get large deals that have a transition period that start out with a relatively more marginal margin profile and have to grow that over time. You also have what we talk about land and expand. I referred to the Australian situation, where although you can expand the existing U.S. Federal contracts, your ability to expand state and local and international contracts tends to be a little more and you sometimes make more of your profit margin on project expansion than you do the initial contract. I'd actually say the profile's a little different, but I'd yield to Mike on that.

A – Mike Thomson – Unisys Corp: Yeah, look, I think everything Peter said is exactly right. I think if you look at the life of the contract, overall, the margins are similar. It's kind of the ramp-up time, and, to Peter's point, it's the additional work and add-on work that you get without having to go through a new government contract bidding cycle that gives you the upside that you don't potentially get on some of the U.S. Federal contracts.

Q –Ishfaque Faruk – Sidoti & Co LLC: Okay, thank you, and my last question with regards to the pension. Mike, can you give us an update on the status of the IRS waiver, any updates, your most recent discussions? And another part to that, is you gave an illustrative example that having more fixed income assets in the pension assets is a very good hedge for rising rates. Are you guys evaluating being more weighted towards more fixed income for a hedge?

A – Mike Thomson – Unisys Corp: Yeah, Ishfaque, so thanks for the question. I'll just reiterate the comment on the update from the IRS. Again, had several meetings, in fact had meetings last week with the PBGC, had good in-person and calls with both parties. We've had several requests for information which we've provided. We've asked for expedited processing, and, to date, there are no open items to be responded to from either party. So, we're anxiously awaiting a response from the service on that.

To your second point, the illustrative example, you're exactly right in the fact that the fixed income portfolio is a natural hedge to the decline in interest rates. If I said this, I didn't mean to, but we are not increasing our position in fixed income as far as the asset mix is concerned, that is the same as it's been historically. We're roughly 60-40 equities to fixed. It's just that the fixed income portfolio naturally hedges that because as the interest rate declines, the portfolio asset returns increase. That's kind of where the natural hedges come from, and the real reason why you wouldn't necessarily move into more of that fix is the return on assets being so important to the overall pension contributions. Obviously, moving more into fixed, would reduce the expected return on assets. We monitor and measure that on a regular basis to make sure we have a good balance between returns and exposure to interest rates.

Q – Doug Thomas, JET Equity Partners: Good afternoon and congratulations on a terrific quarter.

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

Q – Doug Thomas, JET Equity Partners: And I can see the stock respond. Peter, I guess my first question, I have three questions, my first question is, you announced a really nice, meaningful Financial Services contract in the US. Most of the ones that you've announced in the recent past have been international and it makes me wonder where does the Financial Services business stand in the States? Especially as all of these new fintech type of companies develop, how is the momentum looking in that business for you guys?

A – Peter Altabef – Unisys Corp: I would say historically Financial Services in the US compared to our business outside the US has been relatively challenged, and it's relatively challenged because it's so intensely competitive. It's not a question of weakness in the US, it's a question of everyone in Financial Services is in the US and they are all here in strength. We win our fair share, but it's a dog fight every single time. We are encouraged that we're seeing some improvement in the US. We are signing some master service agreements with some very large top-10 global banks, including some in the US. Those are more hunting license arrangements than they are specific commitments for business, but it really shows our relevance in that space. I would say we're bullish on the US, but we're also cautious that it's just a very competitive environment.

Q – Doug Thomas, JET Equity Partners: I mean my first thought was given your reputation for security, safety and security in terms of breaches and hacking and so forth, I would think you would be thought of as a top contender for a lot of potential new business notwithstanding the fact that, as you said, it's a very competitive market.

A – Peter Altabef – Unisys Corp: Doug, you're exactly right. The win we announced this quarter was because of our security portfolio. The reason we're getting those, if you will, master agreements with the large financial money center banks is because of the security. That is how we're distinguishing ourselves. So, there is not a question about that. We have some opportunities. It depends on how you define Financial Services, but when you get into organizations we've already proven the case outside the US that you can put Stealth into ATMs. You can put Stealth into automatic machines. You can do a lot at the periphery of the network on devices that are not necessarily as secure as core in the network, and so as you do that as those use cases get proved out, we expect to be able to increase their use in the US.

Q – Doug Thomas, JET Equity Partners: And then my second question is, and again I don't really know, not really talked about this much, but the Microsoft win of the JEDI contract versus Amazon. I would assume that would be a positive for Unisys. Am I wrong in thinking that and if Amazon had won that contract, would it have been not so good for Unisys?

A – Peter Altabef – Unisys Corp: It would not have mattered. Our relationships with Microsoft and with AWS are both equally strong. So, we don't have a particular horse in that race.

Q – Doug Thomas, JET Equity Partners: Okay. All right. And then my third question is, I mentioned the stock was responding nicely this evening to a really good quarter, but it's a good quarter. We've had a series of really good quarters. I think five or six terrific quarters, and I'm wondering just back to last quarter, when we saw the stock really tank and trade at just a ridiculous valuation as far as I'm concerned, \$6 plus.

When you see the stock trade down to what we all think are fairly ridiculous levels, which basically extended up until a couple hours ago, what do you think, what are you thinking in terms of the stock and your – the management team and the board's desire to buy stock for example in the open market or how do you view the stock prices? No one really talks about the stock, but how do you view the stock versus the fundamentals of the company at this point?

A – Peter Altabef – Unisys Corp: Look, we've been really clear. Mike and I have been very consistent on this and Eric Hutto and PV Puvvada who lead our go-to-markets as well. We have to lead and drive operational performance. We think we've been doing that by the way, and we have to exceed at what we're doing. The market ultimately will determine the price of the stock, and we have confidence that if we continue to perform the way we've been performing, the market will eventually react. We understand the issues around the underfunded pension and we

understand that can create a drag from time to time and we don't necessarily control it. But we are doing everything we can, as you heard from Mike, in terms of the IRS and the Pension Guaranty Trust Company to deal with the pension at the same time. What I would tell you is we're working all of these levers and hopefully our shareholders will eventually be rewarded. That is something we look forward to.

A – Mike Thomson – Unisys Corp: Yeah, I would echo that comment. We just had an all-hands meeting last week and I gave a little update on the movement in the stock prices, and, as you've noted, we've had six straight quarters of year-over-year growth on the Services side. The message to the team was simply, let's control what we can control and let's keep executing against operations and closing out the year. I mean, we've raised guidance twice this year, so it gives you a good sense of where our head is at and we're trying to work on both fronts. We'll continue to look for opportunities on the pension side to minimize some of that exposure, but most importantly, it's continuing to deliver operationally and that's what we can control and that's what we're focused on.

A – Peter Altabef – Unisys Corp: There's also an educational element in this. I think you have seen from Mike in the last two quarters a real effort to make sure that our investment public understands the short-term and long-term importance of interest rates, and the short-term and long-term importance of the asset valuation and how that affects both the contribution levels as well as the gap levels. You see a slide in our deck that we've never had before to try to illustratively explain how this goes back and forth. We do think that historically people have looked at interest rates only when they have evaluated us on the pension side and we think it is more appropriate to look at a combination of both interest rates and asset value. We're trying to really get a more well-rounded view of our pension obligations out there. We think that will provide greater insight into how we're doing.

Q – Bill Smith – Wm Smith & Co: Thank you, Peter and Mike and Courtney, congratulations again on another great quarter. You really have the progress and the momentum and you keep building it every quarter. So, it's really good to see, and it hasn't been easy, we all know that.

Can you speak to a breakdown maybe of your business in terms of percentage in Federal and Public and in the Commercial, your business segments, the percentages that are reflected there?

A – Peter Altabef – Unisys Corp: Yeah, Bill, I can take a lead on that and Mike can follow-up. If we look at our business through the business units, we have two business units. The Enterprise Solutions team led by Eric Hutto and the US Federal led by PV. The US Federal is about 27% of our revenue. Enterprise Solutions is about 73%. Of those 73 points, 29 of the 73 are what we would call Commercial business, 20 points are Financial Services and 24 is our Public business. The Public business includes governments both in the US and abroad. When we look at our business from an overall revenue standpoint, about 57% of our business is now in the US and Canada and about 43% comes from abroad.

Q – Bill Smith – Wm Smith & Co: And so, the 57% or I guess US, Canada, whatever percentage of that is US, does that allow you to use some of those NOLs then in just the US business alone or how are you able to use those?

A – Mike Thomson – Unisys Corp: Yeah, there's really no restriction on use within the US income. So, we've talked a little bit about some increase here in Federal; those can be utilized as well. All of that is domestic. There are really no restrictions on use of those NOLs and as the income increases in the US, then that's all available to us.

When we talk about our tax provision in general, we tend to look at it through the lens of 3-5% of international revenue is kind of how you look at the provision. And the reason we do that, is because all of the income on the US side of the house is basically shielded through those NOLs. I'd also point you, Bill, on the slide material that we have out there. Slide 14 gives you all of the relevant breakdowns between sectors, regions, Services and tech, etc. If you want another focal point you can see that mix there as well.

Q – Bill Smith – Wm Smith & Co: Great, I didn't see that. And then can you comment, Peter, about your third-party relationships at all and where you might be getting traction, say the Dell-EMC relationship or you mentioned Azure and Palo Alto or some of the names that you talked about in the past. Are you getting any particular types of traction with any of those third-party partners?

A – Peter Altabef – Unisys Corp.: Absolutely. Historically, those core partnerships for us have been with Microsoft, with AWS, with Dell Technologies and those have been the three most significant. And on the security side you have Cylance, you have Log Rhythm and Palo Alto as well.

What I would say to you is, while all of those continue, the rising star that is relatively new for us, not in the sense of a business relationship, but a really strong partnership, is ServiceNow. We have really been elevated and we'll get a release out on this shortly actually, to a very, very high level in the ServiceNow universe. And we're really a core partner; they see us as a core partner and we see them. So, that's a new avenue for us. The historic cloud providers give us one set of clients, but working with ServiceNow actually gives us a second set of clients. So, Bill, it's a great question and I think I would single out ServiceNow, not because it's ahead of AWS or Microsoft or Dell, but because it's joined those ranks.

Peter Altabef, CEO

Thanks, very much. I'd like to thank everyone that joined us for this call. I want to refer you to our Investor Relations section of the website where Courtney has bunches of interesting data. There was a reference already during the call to our webinar series and we keep those active for a while. So, there are several there that I would call your attention to if you want to get more insight into the way the business actually operates. And then, finally, we remain, as always, available between calls and welcome conversations and questions. Thanks very much, we look forward to speaking with you on the next call.