
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number 1-8729

UNISYS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**801 Lakeview Drive, Suite 100
Blue Bell, Pennsylvania**

(Address of principal executive offices)

38-0387840

(I.R.S. Employer
Identification No.)

19422

(Zip Code)

Registrant's telephone number, including area code: (215) 986-4011

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting Company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Number of shares of Common Stock outstanding as of June 30, 2016: 50,081,829.

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS (Unaudited)
(Millions)

	June 30, 2016	December 31, 2015
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 463.6	\$ 365.2
Accounts and notes receivable, net	561.1	581.6
Inventories:		
Parts and finished equipment	18.2	20.9
Work in process and materials	20.9	22.9
Prepaid expenses and other current assets	130.4	120.9 *
Total	1,194.2	1,111.5 *
Properties	888.9	876.6
Less-Accumulated depreciation and amortization	743.5	722.8
Properties, net	145.4	153.8
Outsourcing assets, net	185.4	182.0
Marketable software, net	136.3	138.5
Prepaid postretirement assets	68.4	45.1
Deferred income taxes	130.5	127.4 *
Goodwill	179.7	177.4
Other long-term assets	201.7	194.3 *
Total	\$ 2,241.6	\$ 2,130.0 *
<u>Liabilities and deficit</u>		
Current liabilities		
Notes payable	\$ —	\$ 65.8
Current maturities of long-term-debt	11.1	11.0
Accounts payable	187.2	219.3
Deferred revenue	333.2	335.1
Other accrued liabilities	352.4	329.9 *
Total	883.9	961.1 *
Long-term debt	408.8	233.7 *
Long-term postretirement liabilities	1,999.3	2,111.3
Long-term deferred revenue	139.8	123.3
Other long-term liabilities	83.4	79.2 *
Commitments and contingencies		
Deficit		
Common stock, shares issued:		
2016; 52.8, 2015; 52.6	0.5	0.5
Accumulated deficit	(1,864.0)	(1,845.7)
Treasury stock, shares at cost:		
2016; 2.7, 2015; 2.7	(100.4)	(100.1)
Paid-in capital	4,510.9	4,500.9
Accumulated other comprehensive loss	(3,836.0)	(3,945.3)
Total Unisys stockholders' deficit	(1,289.0)	(1,389.7)
Noncontrolling interests	15.4	11.1
Total deficit	(1,273.6)	(1,378.6)
Total	\$ 2,241.6	\$ 2,130.0 *

* Certain amounts have been reclassified to conform to the current-year presentation. See note (k).

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue				
Services	\$ 613.8	\$ 661.5	\$ 1,208.9	\$ 1,300.5
Technology	135.1	103.3	206.8	185.5
	<u>748.9</u>	<u>764.8</u>	<u>1,415.7</u>	<u>1,486.0</u>
Costs and expenses				
Cost of revenue:				
Services	529.1	585.7	1,062.8	1,150.0
Technology	41.5	54.8	76.1	94.7
	<u>570.6</u>	<u>640.5</u>	<u>1,138.9</u>	<u>1,244.7</u>
Selling, general and administrative	115.7	145.4	225.8	274.2
Research and development	13.1	28.4	29.1	46.6
	<u>699.4</u>	<u>814.3</u>	<u>1,393.8</u>	<u>1,565.5</u>
Operating income (loss)	49.5	(49.5)	21.9	(79.5)
Interest expense	7.8	2.7	12.2	5.3
Other income (expense), net	2.6	1.4	1.4	6.3
Income (loss) before income taxes	44.3	(50.8)	11.1	(78.5)
Provision for income taxes	18.8	5.1	24.3	18.4
Consolidated net income (loss)	25.5	(55.9)	(13.2)	(96.9)
Net income attributable to noncontrolling interests	3.9	2.3	5.1	4.5
Net income (loss) attributable to Unisys Corporation	<u>\$ 21.6</u>	<u>\$ (58.2)</u>	<u>\$ (18.3)</u>	<u>\$ (101.4)</u>
Income (loss) per share attributable to Unisys Corporation				
Basic	<u>\$ 0.43</u>	<u>\$ (1.17)</u>	<u>\$ (0.37)</u>	<u>\$ (2.03)</u>
Diluted	<u>\$ 0.36</u>	<u>\$ (1.17)</u>	<u>\$ (0.37)</u>	<u>\$ (2.03)</u>

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(Millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Consolidated net income (loss)	\$ 25.5	\$ (55.9)	\$ (13.2)	\$ (96.9)
Other comprehensive income				
Foreign currency translation	(48.9)	30.2	(38.4)	(14.5)
Postretirement adjustments, net of tax of \$11.9 and \$14.6 in 2016 and \$(8.1) and \$5.9 in 2015	101.4	(11.0)	146.9	98.8
Total other comprehensive income	52.5	19.2	108.5	84.3
Comprehensive income	78.0	(36.7)	95.3	(12.6)
Less comprehensive income attributable to noncontrolling interests	(3.1)	(4.7)	(4.3)	(8.0)
Comprehensive income attributable to Unisys Corporation	<u>\$ 74.9</u>	<u>\$ (41.4)</u>	<u>\$ 91.0</u>	<u>\$ (20.6)</u>

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Millions)

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities		
Consolidated net loss	\$ (13.2)	\$ (96.9)
Add (deduct) items to reconcile consolidated net loss to net cash provided by (used for) operating activities:		
Foreign currency transaction losses	0.4	0.6
Non-cash interest expense	2.8	—
Employee stock compensation	5.3	6.2
Depreciation and amortization of properties	19.3	22.7
Depreciation and amortization of outsourcing assets	25.7	26.1
Amortization of marketable software	32.4	32.9
Other non-cash operating activities	1.0	2.9
Loss on disposal of capital assets	1.6	5.0
Pension contributions	(64.1)	(75.7)
Pension expense	41.8	54.3
Increase in deferred income taxes, net	(9.7)	(7.2)
Decrease in receivables, net	24.9	62.3
Decrease (increase) in inventories	5.8	(10.1)
Decrease in accounts payable and other accrued liabilities	(36.0)	(84.1)
Increase (decrease) in other liabilities	12.3	(14.3)
Decrease in other assets	8.5	10.9
Net cash provided by (used for) operating activities	58.8	(64.4)
Cash flows from investing activities		
Proceeds from investments	2,236.8	2,203.1
Purchases of investments	(2,238.0)	(2,174.4)
Investment in marketable software	(30.2)	(33.4)
Capital additions of properties	(11.0)	(24.7)
Capital additions of outsourcing assets	(28.8)	(52.7)
Other	(0.7)	(1.7)
Net cash used for investing activities	(71.9)	(83.8)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	213.5	31.8
Payments for capped call transactions	(27.3)	—
Issuance costs relating to long-term debt	(7.3)	—
Payments of long-term debt	(1.3)	(0.6)
Proceeds from exercise of stock options	—	3.7
Payments of short-term borrowings	(65.8)	—
Net cash provided by financing activities	111.8	34.9
Effect of exchange rate changes on cash and cash equivalents	(0.3)	(16.2)
Increase (decrease) in cash and cash equivalents	98.4	(129.5)
Cash and cash equivalents, beginning of period	365.2	494.3
Cash and cash equivalents, end of period	\$ 463.6	\$ 364.8

See notes to consolidated financial statements.

Unisys Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(Dollars in millions, except share and per share amounts)

In the opinion of management, the financial information furnished herein reflects all adjustments necessary for a fair presentation of the financial position, results of operations, comprehensive income and cash flows for the interim periods specified. These adjustments consist only of normal recurring accruals except as disclosed herein. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions about future events. These estimates and assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and the reported amounts of revenue and expenses. Such estimates include the valuation of accounts receivable, inventories, outsourcing assets, marketable software, goodwill and other long-lived assets, legal contingencies, indemnifications, and assumptions used in the calculation for systems integration projects, income taxes and retirement and other post-employment benefits, among others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

The company's accounting policies are set forth in detail in note 1 of the notes to the consolidated financial statements in the company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission. Such Annual Report also contains a discussion of the company's critical accounting policies. The company believes that these critical accounting policies affect its more significant estimates and judgments used in the preparation of the company's consolidated financial statements. There have been no changes in the company's critical accounting policies from those disclosed in the company's Annual Report on Form 10-K for the year ended December 31, 2015.

a. Earnings Per Share.

The following table shows how the Net income (loss) per share attributable to Unisys Corporation was computed for the three and six months ended June 30, 2016 and 2015 (shares in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Basic Earnings (Loss) Per Share				
Net income (loss) attributable to Unisys Corporation	\$ 21.6	\$ (58.2)	\$ (18.3)	\$ (101.4)
Weighted average shares	50,069	49,927	50,036	49,874
Total	\$ 0.43	\$ (1.17)	\$ (0.37)	\$ (2.03)
Diluted Earnings (Loss) Per Share				
Net income (loss) attributable to Unisys Corporation	\$ 21.6	\$ (58.2)	\$ (18.3)	\$ (101.4)
Add interest expense on convertible notes, net of tax of zero	4.5	—	—	—
Net income (loss) attributable to Unisys Corporation for diluted earnings per share	\$ 26.1	\$ (58.2)	\$ (18.3)	\$ (101.4)
Weighted average shares	50,069	49,927	50,036	49,874
Plus incremental shares from assumed conversions:				
Employee stock plans	167	—	—	—
Convertible notes	21,550	—	—	—
Adjusted weighted average shares	71,786	49,927	50,036	49,874
Total	\$ 0.36	\$ (1.17)	\$ (0.37)	\$ (2.03)

In the six months ended June 30, 2016 and 2015, the following weighted-average number of stock options and restricted stock units were antidilutive and therefore excluded from the computation of diluted earnings per share (in thousands): 3,684 and 3,358, respectively. In the six months ended June 30, 2016, the following weighted-average number of common shares issuable upon conversion of the 5.50% Convertible Senior Notes due 2021 were antidilutive and therefore excluded from the computation of diluted earnings per share (in thousands): 12,593.

b. Cost Reduction Actions.

In April 2015, in connection with organizational initiatives to create a more competitive cost structure and rebalance the company's global skill set, the company initiated a plan to incur pretax restructuring charges currently estimated at approximately \$300 million through 2017.

During the twelve months ended December 31, 2015, the company recognized charges of \$118.5 million in connection with this plan, principally related to a reduction in employees. The charges related to work-force reductions were \$78.8 million and were comprised of: (a) a charge of \$27.9 million for 700 employees in the U.S. and (b) a charge of \$50.9 million for 782 employees outside the U.S. In addition, the company recorded charges of \$39.7 million, related to asset impairments (\$20.2 million) and other expenses related to the cost reduction effort (\$19.5 million). The charges were recorded in the following statement of income classifications: cost of revenue – services, \$52.3 million; cost of revenue – technology, \$0.3 million; selling, general and administrative expenses, \$53.5 million; and research and development expenses, \$12.4 million.

During the three months ended June 30, 2016, the company recognized charges of \$10.2 million in connection with this plan, principally related to a reduction in employees. The charges related to work-force reductions were \$6.5 million, principally related to severance costs, and were comprised of: (a) a charge of \$1.2 million for 69 employees in the U.S. and (b) a charge of \$5.3 million for 262 employees outside the U.S. In addition, the company recorded charges of \$3.7 million, for other expenses related to the cost reduction effort. The net charges were recorded in the following statement of income classifications: cost of revenue – services, \$5.1 million; selling, general and administrative expenses, \$5.5 million; and research and development expenses, \$(0.4) million.

During the six months ended June 30, 2016, the company recognized charges of \$37.1 million in connection with this plan, principally related to a reduction in employees. The charges related to work-force reductions were \$28.6 million, principally related to severance costs, and were comprised of: (a) a charge of \$5.4 million for 244 employees in the U.S. and (b) a charge of \$23.2 million for 599 employees outside the U.S. In addition, the company recorded charges of \$8.5 million, for other expenses related to the cost reduction effort. The charges were recorded in the following statement of income classifications: cost of revenue – services, \$16.6 million; selling, general and administrative expenses, \$18.8 million; and research and development expenses, \$1.7 million.

During the three and six months ended June 30, 2015, the company recognized charges of \$52.6 million in connection with this plan, principally related to a reduction in employees. The charges related to work-force reductions were \$42.5 million, principally related to severance costs, and were comprised of: (a) a charge of \$25.4 million for 530 employees in the U.S. and (b) a charge of \$17.1 million for 413 employees outside the U.S. In addition, the company recorded charges of \$10.1 million related to asset impairments of \$3.5 million and other expenses of \$6.6 million related to the cost reduction effort. The charges were recorded in the following statement of income classifications: cost of revenue – services, \$13.3 million; cost of revenue - technology, \$0.1 million; selling, general and administrative expenses, \$27.5 million; and research and development expenses, \$11.7 million.

A breakdown of the individual components of the work-force reduction costs follows:

	Total	U.S.	Int'l.
Charges for work-force reductions	\$ 78.8	\$ 27.9	\$ 50.9
Utilized	(45.3)	(23.7)	(21.6)
Translation adjustments	(0.5)	—	(0.5)
Balance at December 31, 2015	33.0	4.2	28.8
Additional provisions	32.2	6.0	26.2
Utilized	(30.2)	(5.7)	(24.5)
Changes in estimates and revisions	(3.6)	(0.6)	(3.0)
Translation adjustments	1.1	—	1.1
Balance at June 30, 2016	<u>\$ 32.5</u>	<u>\$ 3.9</u>	<u>\$ 28.6</u>
Expected future utilization:			
2016 remaining six months	\$ 29.7	\$ 3.9	\$ 25.8
Beyond 2016	\$ 2.8	\$ —	\$ 2.8

c. Pension and Postretirement Benefits.

Net periodic pension expense for the three and six months ended June 30, 2016 and 2015 is presented below:

	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	\$ 2.1	\$ —	\$ 2.1	\$ 2.1	\$ —	\$ 2.1
Interest cost	81.4	58.1	23.3	79.0	55.9	23.1
Expected return on plan assets	(100.0)	(63.2)	(36.8)	(102.2)	(63.7)	(38.5)
Amortization of prior service (benefit) cost	(1.4)	(0.7)	(0.7)	(1.1)	(0.6)	(0.5)
Recognized net actuarial loss	39.4	29.3	10.1	48.6	32.7	15.9
Net periodic pension expense	<u>\$ 21.5</u>	<u>\$ 23.5</u>	<u>\$ (2.0)</u>	<u>\$ 26.4</u>	<u>\$ 24.3</u>	<u>\$ 2.1</u>

	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	\$ 3.9	\$ —	\$ 3.9	\$ 4.3	\$ —	\$ 4.3
Interest cost	161.9	115.7	46.2	158.9	112.0	46.9
Expected return on plan assets	(199.4)	(126.6)	(72.8)	(204.9)	(127.4)	(77.5)
Amortization of prior service (benefit) cost	(2.8)	(1.3)	(1.5)	(2.2)	(1.2)	(1.0)
Recognized net actuarial loss	78.2	58.0	20.2	98.2	66.4	31.8
Net periodic pension expense	<u>\$ 41.8</u>	<u>\$ 45.8</u>	<u>\$ (4.0)</u>	<u>\$ 54.3</u>	<u>\$ 49.8</u>	<u>\$ 4.5</u>

In 2016, the company expects that it will make cash contributions of approximately \$136.1 million to its worldwide defined benefit pension plans, which are comprised of \$53.8 million for the company's U.S. qualified defined benefit pension plan and \$82.3 million primarily for the company's non-U.S. defined benefit pension plans. In 2015, the company made cash contributions of \$148.3 million to its worldwide defined benefit pension plans. For the six months ended June 30, 2016 and 2015, \$64.1 million and \$75.7 million, respectively, of cash contributions have been made.

Net periodic postretirement benefit expense for the three and six months ended June 30, 2016 and 2015 is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Service cost	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.3
Interest cost	1.6	1.7	3.2	3.4
Expected return on assets	(0.1)	(0.1)	(0.2)	(0.2)
Recognized net actuarial loss	0.3	0.7	0.6	1.4
Amortization of prior service cost	—	0.3	—	0.6
Net periodic postretirement benefit expense	\$ 1.9	\$ 2.8	\$ 3.8	\$ 5.5

The company expects to make cash contributions of approximately \$15.0 million to its postretirement benefit plan in 2016 compared with \$15.9 million in 2015. For the six months ended June 30, 2016 and 2015, \$5.4 million and \$6.9 million, respectively, of cash contributions have been made.

d. Fair Value Measurements.

Due to its foreign operations, the company is exposed to the effects of foreign currency exchange rate fluctuations on the U.S. dollar, principally related to intercompany account balances. The company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign currency exchange rates on such balances. The company enters into foreign exchange forward contracts, generally having maturities of three months or less, which have not been designated as hedging instruments. At June 30, 2016 and 2015, the notional amount of these contracts was \$473.8 million and \$408.4 million, respectively. At June 30, 2016 and 2015, the fair value of such contracts was a net loss of \$17.3 million and a net gain of \$0.6 million, respectively, of which \$1.9 million and \$1.3 million, respectively, has been recognized in "Prepaid expenses and other current assets" and \$19.2 million and \$0.7 million, respectively, has been recognized in "Other accrued liabilities" in the company's consolidated balance sheet. For the six months ended June 30, 2016 and 2015, changes in the fair value of these instruments was a loss of \$14.1 million and a gain of \$22.8 million, respectively, which has been recognized in earnings in "Other income (expense), net" in the company's consolidated statement of income. The fair value of these forward contracts is based on quoted prices for similar but not identical financial instruments; as such, the inputs are considered Level 2 inputs.

Financial assets with carrying values approximating fair value include cash and cash equivalents and accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and other accrued liabilities. The carrying amounts of these financial assets and liabilities approximate fair value due to their short maturities. At June 30, 2016 and December 31, 2015, the carrying amount of long-term debt was less than fair value, which is based on market prices (Level 2 inputs), of such debt by approximately \$4 million and \$3 million, respectively.

e. Stock Options.

Under stockholder approved stock-based plans, stock options, stock appreciation rights, restricted stock and restricted stock units may be granted to officers, directors and other key employees. At June 30, 2016, 3.6 million shares of unissued common stock of the company were available for granting under these plans.

The fair value of stock option awards was estimated using the Black-Scholes option pricing model with the following assumptions and weighted-average fair values:

	Six Months Ended June 30,	
	2016	2015
Weighted-average fair value of grant	\$ 4.53	\$ 9.07
Risk-free interest rate	1.29%	1.28%
Expected volatility	51.30%	45.46%
Expected life of options in years	4.90	4.92
Expected dividend yield	—	—

Restricted stock unit awards may contain time-based units, performance-based units or a combination of both. Each performance-based unit will vest into zero to 2.0 shares depending on the degree to which the performance goals are met. Compensation expense resulting from these awards is recognized as expense ratably for each installment from the date of grant until the date the restrictions lapse and is based on the fair market value at the date of grant and the probability of achievement of the specific performance-related goals.

The company records all share-based expense in selling, general and administrative expense.

During the six months ended June 30, 2016 and 2015, the company recorded \$5.3 million and \$6.2 million of share-based compensation expense, respectively, which is comprised of \$4.3 million and \$2.9 million of restricted stock unit expense and \$1.0 million and \$3.3 million of stock option expense, respectively.

A summary of stock option activity for the six months ended June 30, 2016 follows (shares in thousands):

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2015	2,723	\$ 27.88		
Granted	11	10.85		
Exercised	—	—		
Forfeited and expired	(570)	37.00		
Outstanding at June 30, 2016	2,164	25.40	2.77	\$ —
Expected to vest at June 30, 2016	631	25.89	4.22	—
Exercisable at June 30, 2016	1,508	25.23	2.13	—

The aggregate intrinsic value represents the total pretax value of the difference between the company's closing stock price on the last trading day of the period and the exercise price of the options, multiplied by the number of in-the-money stock options that would have been received by the option holders had all option holders exercised their options on June 30, 2016. The intrinsic value of the company's stock options changes based on the closing price of the company's stock. The total intrinsic value of options exercised for the six months ended June 30, 2016 and 2015 was zero and \$0.6 million, respectively. As of June 30, 2016, \$2.5 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 1.5 years.

A summary of restricted stock unit activity for the six months ended June 30, 2016 follows (shares in thousands):

	Restricted Stock Units	Weighted-Average Grant-Date Fair Value
Outstanding at December 31, 2015	469	\$ 23.57
Granted	1,275	9.85
Vested	(182)	18.90
Forfeited and expired	(42)	19.94
Outstanding at June 30, 2016	1,520	\$ 12.76

The fair value of restricted stock units is determined based on the trading price of the company's common shares on the date of grant. The aggregate weighted-average grant-date fair value of restricted stock units granted during the six months ended June 30, 2016 and 2015 was \$12.5 million and \$10.0 million, respectively. As of June 30, 2016, there was \$12.4 million of total unrecognized compensation cost related to outstanding restricted stock units granted under the company's plans. That cost is expected to be recognized over a weighted-average period of 2.4 years. The aggregate weighted-average grant-date fair value of restricted stock units vested during the six months ended June 30, 2016 and 2015 was \$3.4 million and \$1.9 million, respectively.

Common stock issued upon exercise of stock options or upon lapse of restrictions on restricted stock units are newly issued shares. Cash received from the exercise of stock options for the six months ended June 30, 2016 and 2015 was zero and \$3.7 million, respectively. In light of its tax position, the company is currently not recognizing any tax benefits from the exercise of stock options or upon issuance of stock upon lapse of restrictions on restricted stock units. Tax benefits resulting from tax deductions in excess of the compensation costs recognized are classified as financing cash flows.

f. Segment Information.

The company has two business segments: Services and Technology. Revenue classifications within the Services segment are as follows:

- Cloud & infrastructure services. This represents revenue from work the company performs in the data center and cloud area, technology consulting and technology-based systems integration projects, as well as global service desks and global field services.
- Application services. This represents revenue from application managed services and application development, maintenance and support work.
- Business processing outsourcing services. This represents revenue from the management of clients' specific business processes.

The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profits on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended June 30, 2016 and 2015 was \$0.4 million and \$6.0 million, respectively. The amount for the six months ended June 30, 2016 and 2015 was \$0.5 million and \$7.5 million, respectively. The profit on these transactions is eliminated in Corporate.

The company evaluates business segment performance based on operating income exclusive of pension income or expense, restructuring charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments based principally on revenue, employees, square footage or usage.

A summary of the company's operations by business segment for the three and six month periods ended June 30, 2016 and 2015 is presented below:

	Total	Corporate	Services	Technology
Three Months Ended June 30, 2016				
Customer revenue	\$ 748.9		\$ 613.8	\$ 135.1
Intersegment		\$ (5.9)	—	5.9
Total revenue	<u>\$ 748.9</u>	<u>\$ (5.9)</u>	<u>\$ 613.8</u>	<u>\$ 141.0</u>
Operating income (loss)	<u>\$ 49.5</u>	<u>\$ (30.8)</u>	<u>\$ 12.7</u>	<u>\$ 67.6</u>
Three Months Ended June 30, 2015				
Customer revenue	\$ 764.8		\$ 661.5	\$ 103.3
Intersegment		\$ (22.0)	0.1	21.9
Total revenue	<u>\$ 764.8</u>	<u>\$ (22.0)</u>	<u>\$ 661.6</u>	<u>\$ 125.2</u>
Operating income (loss)	<u>\$ (49.5)</u>	<u>\$ (83.3)</u>	<u>\$ 14.3</u>	<u>\$ 19.5</u>

	Total	Corporate	Services	Technology
Six Months Ended June 30, 2016				
Customer revenue	\$ 1,415.7		\$ 1,208.9	\$ 206.8
Intersegment		\$ (11.5)	—	11.5
Total revenue	<u>\$ 1,415.7</u>	<u>\$ (11.5)</u>	<u>\$ 1,208.9</u>	<u>\$ 218.3</u>
Operating income (loss)	<u>\$ 21.9</u>	<u>\$ (76.5)</u>	<u>\$ 16.7</u>	<u>\$ 81.7</u>
Six Months Ended June 30, 2015				
Customer revenue	\$ 1,486.0		\$ 1,300.5	\$ 185.5
Intersegment		\$ (28.7)	0.1	28.6
Total revenue	<u>\$ 1,486.0</u>	<u>\$ (28.7)</u>	<u>\$ 1,300.6</u>	<u>\$ 214.1</u>
Operating income (loss)	<u>\$ (79.5)</u>	<u>\$ (109.4)</u>	<u>\$ 5.8</u>	<u>\$ 24.1</u>

Presented below is a reconciliation of total business segment operating income to consolidated income (loss) before income taxes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Total segment operating income	\$ 80.3	\$ 33.8	\$ 98.4	\$ 29.9
Interest expense	(7.8)	(2.7)	(12.2)	(5.3)
Other income (expense), net	2.6	1.4	1.4	6.3
Cost reduction charges	(10.2)	(52.6)	(37.1)	(52.6)
Corporate and eliminations	(20.6)	(30.7)	(39.4)	(56.8)
Total income (loss) before income taxes	<u>\$ 44.3</u>	<u>\$ (50.8)</u>	<u>\$ 11.1</u>	<u>\$ (78.5)</u>

Customer revenue by classes of similar products or services, by segment, is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Services				
Cloud & infrastructure services	\$ 340.0	\$ 387.7	\$ 675.9	\$ 766.1
Application services	220.4	217.5	431.0	419.9
Business processing outsourcing services	53.4	56.3	102.0	114.5
	<u>613.8</u>	<u>661.5</u>	<u>1,208.9</u>	<u>1,300.5</u>
Technology	135.1	103.3	206.8	185.5
Total	<u>\$ 748.9</u>	<u>\$ 764.8</u>	<u>\$ 1,415.7</u>	<u>\$ 1,486.0</u>

Geographic information about the company's revenue, which is principally based on location of the selling organization, is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
United States	\$ 348.4	\$ 383.9	\$ 679.3	\$ 725.9
United Kingdom	109.3	83.6	191.3	171.5
Other foreign	291.2	297.3	545.1	588.6
Total	<u>\$ 748.9</u>	<u>\$ 764.8</u>	<u>\$ 1,415.7</u>	<u>\$ 1,486.0</u>

g. Accumulated Other Comprehensive Income.

Accumulated other comprehensive loss as of December 31, 2015 and June 30, 2016 is as follows:

	Total	Translation Adjustments	Postretirement Plans
Balance at December 31, 2015	\$ (3,945.3)	\$ (833.8)	\$ (3,111.5)
Other comprehensive income before reclassifications	37.0	(29.5)	66.5
Amounts reclassified from accumulated other comprehensive income	72.3	—	72.3
Current period other comprehensive income	109.3	(29.5)	138.8
Balance at June 30, 2016	\$ (3,836.0)	\$ (863.3)	\$ (2,972.7)

Amounts related to postretirement plans not reclassified in their entirety out of accumulated other comprehensive income for the three and six months ended June 30, 2016 and 2015 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Amortization of prior service cost*	\$ (1.4)	\$ (0.7)	\$ (2.8)	\$ (1.5)
Amortization of actuarial losses*	39.4	47.0	78.0	95.3
Total before tax	38.0	46.3	75.2	93.8
Income tax benefit	(1.5)	(0.7)	(2.9)	(3.0)
Net of tax	\$ 36.5	\$ 45.6	\$ 72.3	\$ 90.8

* These items are included in net periodic postretirement cost (see note (c)).

Noncontrolling interests as of December 31, 2015 and June 30, 2016 are as follows:

	Noncontrolling Interests
Balance at December 31, 2015	\$ 11.1
Net income	5.1
Translation adjustments	(8.9)
Postretirement plans	8.1
Balance at June 30, 2016	\$ 15.4

h. Supplemental Cash Flow Information.

Cash paid, net of refunds, during the six months ended June 30, 2016 and 2015 for income taxes was \$24.5 million and \$43.6 million, respectively.

Cash paid during the six months ended June 30, 2016 and 2015 for interest was \$7.2 million and \$6.9 million, respectively.

i. Commitments and Contingencies.

There are various lawsuits, claims, investigations and proceedings that have been brought or asserted against the company, which arise in the ordinary course of business, including actions with respect to commercial and government contracts, labor and employment, employee benefits, environmental matters, intellectual property, and non-income tax and employment compensation in Brazil. The company records a provision for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Any provisions are reviewed at least quarterly and are adjusted to reflect the impact and status of settlements, rulings, advice of counsel and other information and events pertinent to a particular matter.

The company believes that it has valid defenses with respect to legal matters pending against it. Based on its experience, the company also believes that the damage amounts claimed in the lawsuits disclosed below are not a meaningful indicator of the company's potential liability. Litigation is inherently unpredictable, however, and it is possible that the company's results of operations or cash flow could be materially affected in any particular period by the resolution of one or more of the legal matters pending against it.

In April 2007, the Ministry of Justice of Belgium sued Unisys Belgium SA-NV, a Unisys subsidiary (Unisys Belgium), in the Court of First Instance of Brussels. The Belgian government had engaged the company to design and develop software for a computerized system to be used to manage the Belgian court system. The Belgian State terminated the contract and in its lawsuit has alleged that the termination was justified because Unisys Belgium failed to deliver satisfactory software in a timely manner. It claims damages of approximately €28 million. Unisys Belgium filed its defense and counterclaim in April 2008, in the amount of approximately €18.5 million. The company believes it has valid defenses to the claims and contends that the Belgian State's termination of the contract was unjustified.

The company's Brazilian operations, along with those of many other companies doing business in Brazil, are involved in various litigation matters, including numerous governmental assessments related to indirect and other taxes, as well as disputes associated with former employees and contract labor. The tax-related matters pertain to value added taxes, customs, duties, sales and other non-income related tax exposures. The labor-related matters include claims related to compensation matters. The company believes that appropriate accruals have been established for such matters based on information currently available. At June 30, 2016, excluding those matters that have been assessed by management as being remote as to the likelihood of ultimately resulting in a loss, the amount related to unreserved tax-related matters, inclusive of any related interest, is estimated to be up to approximately \$122 million.

The company has been involved in a matter arising from the sale of its Health Information Management (HIM) business to Molina Information Systems, LLC (Molina) under a 2010 Asset Purchase Agreement (APA). The HIM business provided system solutions and services to state governments, including the state of Idaho, for administering Medicaid programs. In August 2012, Molina sued the company in Federal District Court in Delaware alleging breaches of contract, negligent misrepresentation and intentional misrepresentation with respect to the APA and the Medicaid contract with Idaho. Molina sought compensatory damages, punitive damages, lost profits, indemnification, and declaratory relief. Molina alleged losses of approximately \$35 million in the complaint. In June 2013, the District Court granted the company's motion to dismiss the complaint and allowed Molina to replead certain claims and file an amended complaint. In August 2013, Molina filed an amended complaint. The company filed a motion to dismiss the amended complaint. On September 2, 2014, the District Court granted the company's motion to dismiss the negligent misrepresentation claim, but denied the company's motion with respect to Molina's intentional misrepresentation and breach of contract claims. The litigation continues on the remaining claims.

On June 26, 2014, the State of Louisiana filed a Petition for Damages against, among other defendants, the company and Molina Information Systems, LLC, in the Parish of East Baton Rouge, 19th Judicial District. The State alleges that between 1989 and 2012 the defendants, each acting successively as the State's Medicaid fiscal intermediary, utilized an incorrect reimbursement formula for the payment of pharmaceutical claims causing the State to pay excessive amounts for prescription drugs. The company believes that it has valid defenses to Louisiana's claims and is asserting them in the pending litigation.

With respect to the specific legal proceedings and claims described above, except as otherwise noted, either (i) the amount or range of possible losses in excess of amounts accrued, if any, is not reasonably estimable or (ii) the company believes that the amount or range of possible losses in excess of amounts accrued that are estimable would not be material.

Litigation is inherently unpredictable and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such matters could exceed the amounts accrued in an amount that could be material to the company's financial condition, results of operations and cash flows in any particular reporting period.

Notwithstanding that the ultimate results of the lawsuits, claims, investigations and proceedings that have been brought or asserted against the company are not currently determinable, the company believes that at June 30, 2016, it has adequate provisions for any such matters.

j. Income Taxes.

Accounting rules governing income taxes require that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. These rules also require that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or the entire deferred tax asset will not be realized.

The company evaluates the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are the company's historical profitability, forecast of future taxable income and available tax-planning strategies that could be implemented to realize the net deferred tax assets. The company uses tax-planning strategies to realize or renew net deferred tax assets to avoid the potential loss of future tax benefits.

A full valuation allowance is currently maintained for all U.S. and certain foreign deferred tax assets in excess of deferred tax liabilities. The company will record a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their net deferred tax assets. Any profit or loss recorded for the company's U.S. continuing operations will have no provision or benefit associated with it due to full valuation allowance, except with respect to refundable tax credits and withholding taxes not creditable against future taxable income. As a result, the company's provision or benefit for taxes may vary significantly depending on the geographic distribution of income.

k. Accounting Standards.

Effective January 1, 2016, the company adopted new guidance issued by the Financial Accounting Standards Board (FASB) on the presentation of debt issuance costs. The new guidance requires that debt issuance costs shall be reported in the balance sheet as a direct deduction from the face amount of that debt. Previously the company reported these costs in "Other long-term assets" in the company's balance sheet. At December 31, 2015, the amount reclassified was \$1.8 million. The new guidance has been applied on a retrospective basis whereby prior-period financial statements have been adjusted to reflect the application of the new guidance, as required by the FASB.

Effective January 1, 2016, the company adopted new guidance issued by the FASB that simplifies the measurement of inventory. The new guidance states that an entity should measure inventory at the lower of cost and net realizable value. Net realizable value is the estimate of estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. When evidence exists that the net realizable value of inventory is lower than its cost, the difference shall be recognized as a loss in the period in which it occurs. That loss may be required, for example, due to damage, physical deterioration, obsolescence, changes in price levels, or other causes. Adoption of this new guidance had no impact on the company's consolidated results of operations and financial position.

Effective January 1, 2016, the company adopted new guidance issued by the FASB that simplifies the balance sheet classification of deferred income taxes. The new guidance requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The new guidance also requires companies to offset all deferred tax assets and liabilities (and valuation allowances) for each tax-paying jurisdiction within each tax-paying component. The net deferred tax must be presented as a single noncurrent amount. Previous guidance required an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. The new guidance has been applied on a retrospective basis whereby prior-period financial statements have been adjusted to reflect the application of the new guidance. At December 31, 2015, the reclassification resulted in a reduction of current deferred income tax assets of \$24.1 million, a decrease in other current assets of \$0.1 million, an increase in noncurrent deferred income tax assets of \$12.9 million, a decrease in other long-term assets of \$0.1 million, a decrease in current other accrued liabilities of \$9.4 million and a decrease in other long-term liabilities of \$2.0 million.

On March 30, 2016, the FASB issued new guidance that will change certain aspects of accounting for share-based payments to employees. The new guidance will require all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. It also will allow an employer to repurchase more of an employee's shares than it can today for tax withholding purposes without triggering liability accounting and to make a policy election to account for forfeitures as they occur. The guidance is effective for annual reporting periods beginning after December 15, 2016, which for the company is January 1, 2017. Earlier adoption is permitted. The company is currently assessing when it will choose to adopt, and is currently evaluating the impact of the adoption on its consolidated results of operations and financial position.

In February 2016, the FASB issued a new lease accounting standard entitled "Leases." The new standard is intended to improve financial reporting about leasing transactions. The new rule will require organizations that lease assets, referred to as lessees, to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The standard requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The standard is effective for annual reporting periods beginning after December 15, 2018, which for the company is January 1, 2019. Earlier adoption is permitted. The company is currently assessing when it will choose to adopt, and is currently evaluating the impact of the adoption on its consolidated results of operations and financial position.

In 2014, the FASB issued a new revenue recognition standard entitled "Revenue from Contracts with Customers." The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer. The standard, and its various amendments, is effective for annual reporting periods beginning after December 15, 2017, which for the company is January 1, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, which for the company is January 1, 2017. The standard allows for either "full retrospective" adoption, meaning the standard is applied to all periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. The company is currently assessing when and which method it will choose for adoption, and is evaluating the impact of the adoption on its consolidated results of operations and financial position.

I. Debt.

On March 15, 2016, the company issued \$190 million aggregate principal amount of Convertible Senior Notes due 2021 (the notes). On April 13, 2016, the company issued an additional \$23.5 million of the notes pursuant to an over-allotment option exercised by the initial purchasers to buy additional notes, for a total of \$213.5 million of notes issued. The notes, which are senior unsecured obligations, bear interest at a coupon rate of 5.50% (or 9.5% effective interest rate) per year until maturity, payable semiannually in arrears on March 1 and September 1 of each year, beginning on September 1, 2016. The notes are not redeemable prior to maturity and are convertible into shares of the company's common stock. The conversion rate for the notes is 102.4249 shares of the company's common stock per \$1,000 principal amount of the notes (or a total amount of 21,867,716 shares), which is equivalent to an initial conversion price of approximately \$9.76 per share of the company's common stock. Upon any conversion, the company will settle its conversion obligation in cash, shares of its common stock, or a combination of cash and shares of its common stock, at its election.

In connection with the issuances of the notes, the company also paid \$27.3 million to enter into privately negotiated capped call transactions with the initial purchasers and/or affiliates of the initial purchasers. The capped call transactions will cover, subject to customary anti-dilution adjustments, the number of shares of the company's common stock that will initially underlie the notes. The capped call transactions are expected to reduce potential dilution to the company's common stock and/or offset potential cash payments the company is required to make in excess of the principal amount upon any conversion of the notes.

In accordance with Accounting Standards Codification 470-20, a convertible debt instrument that may be settled entirely or partially in cash is required to be separated into a liability and equity component, such that interest expense reflects the issuer's non-convertible debt interest rate. Upon issuance, (i) a debt discount of \$33.6 million was recognized as a decrease in debt and an increase in additional-paid in capital and (ii) the cost of the capped call transactions of \$27.3 million was recognized as a decrease in cash and a decrease in additional paid-in capital. The debt component will accrete up to the principal amount and will be recognized as non-cash interest expense over the expected term of the notes. For the three and six months ended June 30, 2016, \$4.5 million and \$5.2 million was recorded as interest expense which includes the contractual interest coupon, amortization of the debt discount, and amortization of the debt issuance costs.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis of the company’s financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this quarterly report. In this discussion and analysis of the company’s financial condition and results of operations, the company has included information that may constitute “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events and include any statement that does not directly relate to any historical or current fact. Words such as “anticipates,” “believes,” “expects,” “intends,” “plans,” “projects” and similar expressions may identify such forward-looking statements. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company’s actual results to differ materially from expectations. Factors that could affect future results include, but are not limited to, those discussed under “Factors that may affect future results” and “Cautionary Statement Pursuant to the U.S. Private Securities Litigation Reform Act of 1995” in Part I, Item 1A of the company’s 2015 Form 10-K. Any forward-looking statement speaks only as of the date on which that statement is made. The company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

Overview

In April 2015, in connection with organizational initiatives to create a more competitive cost structure and rebalance the company’s global skill set, the company initiated a plan to incur pretax restructuring charges currently estimated at approximately \$300 million through 2017. During 2015, the company recognized pretax charges of \$118.5 million in connection with this plan, principally related to a reduction in employees. During 2016, the company continued to implement this plan and incurred an additional \$37.1 million of cost reduction charges.

The company’s results of operations in the six months ended June 30, 2016 were positively impacted by the higher Technology revenue mix offset by the cost-reduction charges as well as the negative impact of foreign currency fluctuations. For the six months ended June 30, 2016, the company reported a net loss attributable to Unisys Corporation of \$18.3 million, or a loss of \$0.37 per diluted share, compared with a net loss of \$101.4 million or a loss of \$2.03 per diluted share for the six months ended June 30, 2015. The current period includes after tax cost reduction charges (discussed below) of \$35.0 million, or \$0.56 per diluted share and the prior-year period includes after tax cost reduction charges of \$48.6 million, or \$0.97 per diluted share.

Results of operations

Company results

Three months ended June 30, 2016 compared with the three months ended June 30, 2015

During the three months ended June 30, 2016, the company recognized charges of \$10.2 million in connection with its cost-reduction plan, principally related to a reduction in employees. The charges related to work-force reductions were \$6.5 million, principally related to severance costs, and were comprised of: (a) a charge of \$1.2 million for 69 employees in the U.S. and (b) a charge of \$5.3 million for 262 employees outside the U.S. In addition, the company recorded charges of \$3.7 million for other expenses related to the cost reduction effort. The net charges were recorded in the following statement of income classifications: cost of revenue - services, \$5.1 million; selling, general and administrative expenses, \$5.5 million; and research and development expenses, \$0.4 million benefit.

During the three months ended June 30, 2015, the company recognized charges of \$52.6 million in connection with this plan, principally related to a reduction in employees. The charges related to workforce reductions were \$42.5 million, principally related to severance costs, and were comprised of: (a) charges of \$25.4 million for 530 employees in the U.S. and (b) charges of \$17.1 million for 413 employees outside the U.S. In addition, the company recorded charges of \$10.1 million related to asset impairments (\$3.5 million) and other expenses related to the cost reduction effort (\$6.6 million). The charges were recorded in the following statement of income classifications: cost of revenue - services, \$13.3 million; cost of revenue - technology, \$0.1 million; selling, general and administrative expenses, \$27.5 million; and research and development expenses, \$11.7 million.

Revenue for the quarter ended June 30, 2016 was \$748.9 million compared with \$764.8 million for the second quarter of 2015, a decrease of 2% from the prior year. Foreign currency fluctuations had a 1 percentage-point negative impact on revenue in the current period compared with the year-ago period.

Services revenue decreased 7% and Technology revenue increased 31% in the current quarter compared with the year-ago period. U.S. revenue decreased 9% in the second quarter compared with the year-ago period. International revenue increased 5% in the current quarter due to increases in the Europe and Asia Pacific regions. Foreign currency had a 3 percentage-point negative impact on international revenue in the three months ended June 30, 2016 compared with the three months ended June 30, 2015.

Total gross profit margin was 23.8% in the three months ended June 30, 2016 compared with 16.3% in the three months ended June 30, 2015. Cost reduction charges of \$5.1 million were recorded in the three months ended June 30, 2016 compared with \$13.4 million in the three months ended June 30, 2015. Exclusive of these charges and lower pension expense of \$3.7 million, the increase was primarily due to a higher Technology revenue mix and the benefits derived from the cost reduction actions.

Selling, general and administrative expense in the three months ended June 30, 2016 was \$115.7 million (15.4% of revenue) compared with \$145.4 million (19.0% of revenue) in the year-ago period. Cost reduction charges of \$5.5 million were recorded in the three months ended June 30, 2016 compared with \$27.5 million in the three months ended June 30, 2015. Exclusive of these charges and lower pension expense of \$0.5 million, the decline was due to the benefits derived from the cost reduction actions.

Research and development (R&D) expenses in the second quarter of 2016 were \$13.1 million compared with \$28.4 million in the second quarter of 2015. A cost reduction benefit of \$0.4 million was recorded in the three months ended June 30, 2016 compared with an \$11.7 million charge in the three months ended June 30, 2015. Exclusive of this cost reduction activity and lower pension expense of \$0.7 million, the decline was due to the benefits derived from the cost reduction actions.

For the second quarter of 2016, the company reported operating income of \$49.5 million compared with an operating loss of \$49.5 million in the second quarter of 2015. The current year income principally reflects higher Technology revenue mix, the lower cost reduction charge, benefits of the cost reduction actions and lower pension expense.

For the three months ended June 30, 2016, pension expense was \$21.5 million compared with pension expense of \$26.4 million for the three months ended June 30, 2015. For the full year 2016, the company expects to recognize pension expense of approximately \$84.5 million compared with \$108.7 million for the full year of 2015. The company records pension income or expense, as well as other employee-related costs such as payroll taxes and medical insurance costs, in operating income in the following income statement categories: cost of revenue; selling, general and administrative expenses; and research and development expenses. The amount allocated to each category is principally based on where the salaries of active employees are charged.

Interest expense for the three months ended June 30, 2016 was \$7.8 million compared with \$2.7 million for the three months ended June 30, 2015. The increase was principally caused by the issuance of convertible notes (see note (l) of the Notes to Consolidated Financial Statements).

Other income (expense), net was income of \$2.6 million in the second quarter of 2016 compared with income of \$1.4 million in 2015. Included in the second quarter of 2016 and 2015 were foreign exchange gains of \$3.5 million and \$2.9 million, respectively.

Income before income taxes for the three months ended June 30, 2016 was \$44.3 million compared with a loss of \$50.8 million for the three months ended June 30, 2015. The current year income principally reflects increased Technology revenue, the lower cost reduction charge, benefits of the cost reduction actions and lower pension expense.

The provision for income taxes was \$18.8 million in the current quarter compared with \$5.1 million in the year-ago period. As discussed in note (j) of the Notes to Consolidated Financial Statements, the company evaluates quarterly the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The company records a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their net deferred tax assets. Any profit or loss recorded for the company's U.S. operations has no provision or benefit associated with it due to a full valuation allowance. As a result, the company's provision or benefit for taxes may vary significantly quarter to quarter depending on the geographic distribution of income.

Net income attributable to Unisys Corporation for the three months ended June 30, 2016 was \$21.6 million, or income of \$0.36 per diluted share, compared with net loss of \$58.2 million, or loss of \$1.17 per diluted share, for the three months ended June 30, 2015. The current year net income principally reflects higher Technology revenue mix, the lower cost reduction charge, benefits of the cost reduction actions and lower pension expense offset by the increase in the provision for income taxes.

Six months ended June 30, 2016 compared with the six months ended June 30, 2015

During the six months ended June 30, 2016, the company recognized charges of \$37.1 million in connection with its cost-reduction plan, principally related to a reduction in employees. The charges related to work-force reductions were \$28.6 million, principally related to severance costs, and were comprised of: (a) a charge of \$5.4 million for 244 employees in the U.S. and (b) a charge of \$23.2 million for 599 employees outside the U.S. In addition, the company recorded charges of \$8.5 million for other expenses related to the cost reduction effort. The charges were recorded in the following statement of income classifications: cost of revenue - services, \$16.6 million; selling, general and administrative expenses, \$18.8 million; and research and development expenses, \$1.7 million.

During the six months ended June 30, 2015, the company recognized charges of \$52.6 million in connection with this plan, principally related to a reduction in employees. The charges related to workforce reductions were \$42.5 million, principally related to severance costs, and were comprised of: (a) charges of \$25.4 million for 530 employees in the U.S. and (b) charges of \$17.1 million for 413 employees outside the U.S. In addition, the company recorded charges of \$10.1 million related to asset impairments (\$3.5 million) and other expenses related to the cost reduction effort (\$6.6 million). The charges were recorded in the following statement of income classifications: cost of revenue - services, \$13.3 million; cost of revenue - technology, \$0.1 million; selling, general and administrative expenses, \$27.5 million; and research and development expenses, \$11.7 million.

Revenue for the six months ended June 30, 2016 was \$1,415.7 million compared with \$1,486.0 million for the six months ended June 30, 2015, a decline of 5%. Foreign currency fluctuations had a 3-percentage-point negative impact on revenue in the current period compared with the year-ago period.

Services revenue decreased 7% and Technology revenue increased 11% in the first half of 2016 compared with the year-ago period. U.S. revenue decreased 6% in the first half of 2016 compared with the year-ago period. International revenue decreased 3% in the current period due to declines in the Europe and Latin America regions partially offset by an increase in the Asia Pacific region. Foreign currency had a 6-percentage-point negative impact on international revenue in the six months ended June 30, 2016 compared with the six months ended June 30, 2015.

Total gross profit margin was 19.6% in the six months ended June 30, 2016 compared with 16.2% in the six months ended June 30, 2015. Exclusive of cost reduction charges and lower pension expense of \$9.1 million, gross profit margin in the first half of 2016 improved over the first half of 2015 primarily due to higher Technology revenue mix.

Selling, general and administrative expense in the six months ended June 30, 2016 was \$225.8 million (15.9% of revenue) compared with \$274.2 million (18.5% of revenue) in the year-ago period. Cost reduction charges of \$18.8 million were recorded in the six months ended June 30, 2016 compared with \$27.5 million in the six months ended June 30, 2015. Exclusive of these charges and lower pension expense of \$1.8 million, the decline was due to the benefits derived from the cost reduction actions.

Research and development (R&D) expenses in the first half of 2016 were \$29.1 million compared with \$46.6 million in the first half of 2015. Cost reduction charges of \$1.7 million were recorded in the six months ended June 30, 2016 compared with \$11.7 million in the six months ended June 30, 2015. Exclusive of these charges and lower pension expense of \$1.6 million, the decline was due to the benefits derived from the cost reduction actions.

For the first half of 2016, the company reported operating income of \$21.9 million compared with an operating loss of \$79.5 million in the first half of 2015. The current year income increased primarily due to higher Technology revenue mix, the benefits derived from the cost reduction actions, lower pension expense and decreased cost reduction charges.

For the six months ended June 30, 2016, pension expense was \$41.8 million compared with pension expense of \$54.3 million for the six months ended June 30, 2015.

Interest expense for the six months ended June 30, 2016 was \$12.2 million compared with \$5.3 million for the six months ended June 30, 2015. The increase was principally caused by the issuance of convertible notes (see Note (l) of the Notes to Consolidated Financial Statements).

Other income (expense), net was income of \$1.4 million in the first half of 2016 compared with income of \$6.3 million in 2015. Included in the first half of 2016 and 2015 were foreign exchange gains of \$3.0 million and \$6.3 million, respectively.

Income before income taxes for the six months ended June 30, 2016 was \$11.1 million compared with a loss of \$78.5 million for the six months ended June 30, 2015. The current year income before income taxes increased primarily due to higher Technology revenue mix, the benefits derived from the cost reduction actions, lower pension expense and decreased cost reduction charges. The provision for income taxes was \$24.3 million in the current period compared with \$18.4 million in the year-ago period.

Net loss attributable to Unisys Corporation for the six months ended June 30, 2016 was \$18.3 million, or loss of \$0.37 per diluted share, compared with net loss of \$101.4 million, or loss of \$2.03 per diluted share, for the six months ended June 30, 2015. The current year reduced net loss principally reflects higher Technology revenue mix, the benefits derived from the cost reduction actions, lower pension expense and decreased cost reduction charges.

Segment results

The company has two business segments: Services and Technology. Revenue classifications within the Services segment are as follows:

- Cloud & infrastructure services. This represents revenue from work the company performs in the data center and cloud area, technology consulting and technology-based systems integration projects, as well as global service desks and global field services.
- Application services. This represents revenue from application managed services and application development, maintenance and support work.
- Business processing outsourcing services. This represents revenue from the management of clients' specific business processes.

The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profits on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended June 30, 2016 and 2015 was \$0.4 million and \$6.0 million, respectively. The amount for the six months ended June 30, 2016 and 2015 was \$0.5 million and \$7.5 million, respectively. The profit on these transactions is eliminated in Corporate.

The company evaluates business segment performance based on operating income exclusive of pension income or expense, restructuring charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments based principally on revenue, employees, square footage or usage.

Three months ended June 30, 2016 compared with the three months ended June 30, 2015

Information by business segment is presented below:

	Total	Eliminations	Services	Technology
Three Months Ended June 30, 2016				
Customer revenue	\$ 748.9		\$ 613.8	\$ 135.1
Intersegment		\$ (5.9)	—	5.9
Total revenue	\$ 748.9	\$ (5.9)	\$ 613.8	\$ 141.0
Gross profit percent	23.8 %		16.8%	66.9%
Operating profit percent	6.6 %		2.1%	48.0%
Three Months Ended June 30, 2015				
Customer revenue	\$ 764.8		\$ 661.5	\$ 103.3
Intersegment		\$ (22.0)	0.1	21.9
Total revenue	\$ 764.8	\$ (22.0)	\$ 661.6	\$ 125.2
Gross profit percent	16.3 %		15.7%	43.9%
Operating profit (loss) percent	(6.5)%		2.2%	15.6%

Gross profit percent and operating income percent are as a percent of total revenue.

Customer revenue by classes of similar products or services, by segment, is presented below:

	Three Months Ended June 30,		Percent Change
	2016	2015	
Services			
Cloud & infrastructure services	\$ 340.0	\$ 387.7	(12.3)%
Application services	220.4	217.5	1.3 %
Business processing outsourcing services	53.4	56.3	(5.2)%
	613.8	661.5	(7.2)%
Technology	135.1	103.3	30.8 %
Total	\$ 748.9	\$ 764.8	(2.1)%

In the Services segment, customer revenue was \$613.8 million for the three months ended June 30, 2016, down 7.2% from the three months ended June 30, 2015. Foreign currency translation had a 1 percentage-point negative impact on Services revenue in the current quarter compared with the year-ago period.

Revenue from cloud & infrastructure services was \$340.0 million in the June 2016 quarter, down 12.3% compared with the June 2015 quarter. Foreign currency fluctuations had a 1 percentage-point negative impact on cloud & infrastructure services revenue in the current period compared with the year-ago period.

Application services revenue increased 1.3% for the three month period ended June 30, 2016 compared with the three month period ended June 30, 2015. New contract wins at the company's U.S. Federal business were a major contributor to the increase. Foreign currency fluctuations had a 1 percentage-point negative impact on application services revenue in the current period compared with the year-ago period.

Business processing outsourcing services revenue decreased 5.2% in the current quarter compared with the prior-year quarter. Foreign currency fluctuations had a 4 percentage-point negative impact on business processing outsourcing services revenue in the current period compared with the year-ago period.

Services gross profit was 16.8% in the second quarter of 2016 compared with 15.7% in the year-ago period. Services operating income percent was 2.1% in the three months ended June 30, 2016 compared with 2.2% in the three months ended June 30, 2015.

In the Technology segment, customer revenue increased 30.8% to \$135.1 million in the current quarter compared with \$103.3 million in the year-ago period. Foreign currency translation had a 2 percentage-point negative impact on Technology revenue in the current quarter compared with the year-ago period. The increase in Technology customer revenue is due to an increase in ClearPath Forward revenue.

Technology gross profit was 66.9% in the current quarter compared with 43.9% in the year-ago quarter. Technology operating income percent was 48.0% in the three months ended June 30, 2016 compared with 15.6% in the three months ended June 30, 2015. The increase in operating profit percentage principally reflects higher Technology revenue mix due to an increase in ClearPath Forward revenue as well as the benefit of reductions in selling, general and administrative expenses.

Six months ended June 30, 2016 compared with the six months ended June 30, 2015

Information by business segment is presented below:

	Total	Eliminations	Services	Technology
Six Months Ended June 30, 2016				
Customer revenue	\$ 1,415.7		\$ 1,208.9	\$ 206.8
Intersegment		\$ (11.5)	—	11.5
Total revenue	\$ 1,415.7	\$ (11.5)	\$ 1,208.9	\$ 218.3
Gross profit percent	19.6 %		15.5%	60.4%
Operating profit (loss) percent	1.5 %		1.4%	37.4%
Six Months Ended June 30, 2015				
Customer revenue	\$ 1,486.0		\$ 1,300.5	\$ 185.5
Intersegment		\$ (28.7)	0.1	28.6
Total revenue	\$ 1,486.0	\$ (28.7)	\$ 1,300.6	\$ 214.1
Gross profit percent	16.2 %		14.9%	46.3%
Operating profit (loss) percent	(5.3)%		0.4%	11.3%

Gross profit percent and operating income percent are as a percent of total revenue.

Customer revenue by classes of similar products or services, by segment, is presented below:

	Six Months Ended June 30,		Percent Change
	2016	2015	
Services			
Cloud & infrastructure services	\$ 675.9	\$ 766.1	(11.8)%
Application services	431.0	419.9	2.6 %
Business processing outsourcing services	102.0	114.5	(10.9)%
	1,208.9	1,300.5	(7.0)%
Technology	206.8	185.5	11.5 %
Total	\$ 1,415.7	\$ 1,486.0	(4.7)%

In the Services segment, customer revenue was \$1,208.9 million for the six months ended June 30, 2016, down 7.0% from the six months ended June 30, 2015. Foreign currency translation had a 3 percentage-point negative impact on Services revenue in the current period compared with the year-ago period.

Revenue from cloud & infrastructure services was \$675.9 million for the six months ended June 2016, down 11.8% compared with the year-ago period. Foreign currency fluctuations had a 3 percentage-point negative impact on cloud & infrastructure services revenue in the current period compared with the year-ago period.

Application services revenue increased 2.6% for the six month period ended June 30, 2016 compared with the six month period ended June 30, 2015. New contract wins at the company's U.S. Federal business were a major contributor to the increase. Foreign currency fluctuations had a 4 percentage-point negative impact on application services revenue in the current period compared with the year-ago period.

Business processing outsourcing services revenue decreased 10.9% in the current period compared with the prior-year period. Foreign currency fluctuations had a 5 percentage-point negative impact on business processing outsourcing services revenue in the current period compared with the year-ago period.

Services gross profit was 15.5% in the first half of 2016 compared with 14.9% in the year-ago period. Services operating income percent was 1.4% in the six months ended June 30, 2016 compared with 0.4% in the six months ended June 30, 2015.

In the Technology segment, customer revenue increased 11.5% to \$206.8 million in the current period compared with \$185.5 million in the year-ago period. Foreign currency translation had a 2 percentage-point negative impact on Technology revenue in the current period compared with the year-ago period. The increase in Technology customer revenue is due to an increase in ClearPath Forward revenue.

Technology gross profit was 60.4% in the current period compared with 46.3% in the year-ago period. Technology operating income percent was 37.4% in the six months ended June 30, 2016 compared with 11.3% in the six months ended June 30, 2015. The increase in operating profit percentage principally reflects higher Technology revenue mix due to an increase in ClearPath Forward revenue.

New accounting pronouncements

See note (k) of the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on the company's consolidated financial statements.

Financial condition

The company's principal sources of liquidity are cash on hand, cash from operations and its revolving credit facility, discussed below. The company and certain international subsidiaries have access to uncommitted lines of credit from various banks. The company believes that it will have adequate sources of liquidity to meet its expected near-term cash requirements.

Cash and cash equivalents at June 30, 2016 were \$463.6 million compared with \$365.2 million at December 31, 2015. The increase was due to the net proceeds received from the sale of \$213.5 million of 5.50% Convertible Senior Notes due 2021 (the notes). See Note (l) of the Notes to Consolidated Financial Statements.

As of June 30, 2016, \$245.3 million of cash and cash equivalents were held by the company's foreign subsidiaries and branches operating outside of the U.S. In the future, if these funds are needed for the company's operations in the U.S., the company may be required to accrue and pay taxes to repatriate these funds.

During the six months ended June 30, 2016, cash provided by operations was \$58.8 million compared with cash usage of \$64.4 million for the six months ended June 30, 2015. Cash provided by operations during the first half of 2016 was positively impacted by a lower net loss and a decrease in cash contributions to the company's defined benefit pension plans. During the first half of 2016, the company contributed cash of \$64.1 million to such plans compared with \$75.7 million during the first half of 2015. This was offset by a \$26.0 million increase in cash used for cost reduction actions.

Cash used for investing activities during the six months ended June 30, 2016 was \$71.9 million compared with cash usage of \$83.8 million during the six months ended June 30, 2015. Net purchases of investments were \$1.2 million for the six months ended June 30, 2016 compared with net proceeds of \$28.7 million in the prior-year period. Proceeds from investments and purchases of investments represent derivative financial instruments used to reduce the company's currency exposure to market risks from changes in foreign currency exchange rates. In addition, in the current period, the investment in marketable software was \$30.2 million compared with \$33.4 million in the year-ago period, capital additions of properties were \$11.0 million in 2016 compared with \$24.7 million in 2015 and capital additions of outsourcing assets were \$28.8 million in 2016 compared with \$52.7 million in 2015. The decrease in capital additions of outsourcing assets were reflective of significant investments in outsourcing assets that were made in the second quarter of 2015.

Cash provided by financing activities during the six months ended June 30, 2016 was \$111.8 million compared with cash provided of \$34.9 million during the six months ended June 30, 2015. During the six months ended June 30, 2016, the company paid down \$65.8 million of its revolving credit facility, issued \$213.5 million of notes and received net proceeds of \$178.9 million. See Note (l) of the Notes to Consolidated Financial Statements.

At June 30, 2016, total debt was \$419.9 million compared with \$310.5 million at December 31, 2015. The increase was principally caused by the issuance of the notes referred to above partially offset by repayment of borrowings under its revolving credit facility.

The company has a secured revolving credit facility, expiring in June 2018, which provides for loans and letters of credit up to an aggregate amount of \$150.0 million (with a limit on letters of credit of \$100.0 million). Borrowing limits under the credit agreement are based upon the amount of eligible U.S. accounts receivable. At June 30, 2016, the company had no borrowings and \$11.3 million of letters of credit outstanding under the facility. At June 30, 2016, availability under the facility was \$116.0 million net of letters of credit issued. Borrowings under the facility will bear interest based on short-term rates. The credit agreement contains customary representations and warranties, including that there has been no material adverse change in the company's business, properties, operations or financial condition. The company is required to maintain a minimum fixed charge coverage ratio if the availability under the credit facility falls below the greater of 12.5% of the lenders' commitments under the facility and \$18.75 million. The credit agreement allows the company to pay dividends on its capital stock in an amount up to \$22.5 million per year unless the company is in default and to, among other things, repurchase its equity, prepay other debt, incur other debt or liens, dispose of assets and make acquisitions, loans and investments, provided the company complies with certain requirements and limitations set forth in the agreement. Events of default include non-payment, failure to comply with covenants, materially incorrect representations and warranties, change of control and default under other debt aggregating at least \$50.0 million. The credit facility is guaranteed by Unisys Holding Corporation, Unisys NPL, Inc., Unisys AP Investment Company I and any future material domestic subsidiaries. The facility is secured by the assets of Unisys Corporation and the subsidiary guarantors, other than certain excluded assets. The company may elect to prepay or terminate the credit facility without penalty.

At June 30, 2016, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions.

In 2016, the company expects to make cash contributions of approximately \$136.1 million to its worldwide defined benefit pension plans, which is comprised of \$82.3 million primarily for non-U.S. defined benefit pension plans and \$53.8 million for the company's U.S. qualified defined benefit pension plan.

The company has on file with the Securities and Exchange Commission an effective registration statement covering \$700.0 million of debt or equity securities, which enables the company to be prepared for future market opportunities.

The company may, from time to time, redeem, tender for, or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions and other factors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in the company's assessment of its sensitivity to market risk since its disclosure in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Item 4. Controls and Procedures

The company's management, with the participation of the company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on this evaluation, the company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of such period, the company's disclosure controls and procedures are effective. Such evaluation did not identify any change in the company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to litigation is set forth in Note (i) of the Notes to Consolidated Financial Statements, and such information is incorporated herein by reference.

Item 1A. Risk Factors

There have been no significant changes to the “Factors that may affect future results” in Management’s Discussion and Analysis of Financial Condition and Results of Operations which is included in the company’s Annual Report on Form 10-K for the year ended December 31, 2015.

CAUTIONARY STATEMENT PURSUANT TO THE U.S. PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Risks and uncertainties that could cause the company’s future results to differ materially from those expressed in “forward-looking” statements include:

- the company’s ability to effectively anticipate and respond to volatility and rapid technological innovation in its industry;
- the company’s ability to improve margins in its services business;
- the company’s ability to sell new products while maintaining its installed base in its technology business;
- the company’s ability to access financing markets to refinance its outstanding debt;
- the company’s ability to realize anticipated cost savings and to successfully implement its cost reduction initiatives to drive efficiencies across all of its operations;
- the company’s significant pension obligations and requirements to make significant cash contributions to its defined benefit pension plans;
- the company’s ability to attract, motivate and retain experienced and knowledgeable personnel in key positions;
- the risks of doing business internationally when a significant portion of the company’s revenue is derived from international operations;
- the potential adverse effects of aggressive competition in the information services and technology marketplace;
- the company’s ability to retain significant clients;
- the company’s contracts may not be as profitable as expected or provide the expected level of revenues;
- cybersecurity breaches could result in significant costs and could harm the company’s business and reputation;
- a significant disruption in the company’s IT systems could adversely affect the company’s business and reputation;
- the company may face damage to its reputation or legal liability if its clients are not satisfied with the company’s services or products;
- the performance and capabilities of third parties with whom the company has commercial relationships;
- the adverse effects of global economic conditions, acts of war, terrorism or natural disasters;
- contracts with U.S. governmental agencies may subject the company to audits, criminal penalties, sanctions and other expenses and fines;
- the potential for intellectual property infringement claims to be asserted against the company or its clients;
- the possibility that pending litigation could affect the company’s results of operations or cash flow; and
- the business and financial risk in implementing future dispositions or acquisitions.

Other factors discussed in this report, although not listed here, also could materially affect the company’s future results.

Item 6. Exhibits

(a) Exhibits

See Exhibit Index

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNISYS CORPORATION

Date: July 29, 2016

By: /s/ Janet Brutschea Haugen
Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Michael M. Thomson
Michael M. Thomson
Vice President and
Corporate Controller
(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on April 30, 2010)
3.2	Certificate of Amendment to Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on April 28, 2011)
3.3	Bylaws of Unisys Corporation, as amended through April 30, 2015 (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q filed on April 30, 2015)
10.1	Amendment No. 6 dated as of March 4, 2016 to Credit Agreement dated as of June 23, 2011
10.2	Amendment No. 7 dated as of July 25, 2016 to Credit Agreement dated as of June 23, 2011
12	Statement of Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
31.1	Certification of Peter A. Altabef required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of Peter A. Altabef required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
101.INSBRL	Instance Document
101.SCHXBRL	Taxonomy Extension Schema Document
101.CALXBRL	Taxonomy Extension Calculation Linkbase Document
101.LABXBRL	Taxonomy Extension Labels Linkbase Document
101.PREXBRL	Taxonomy Extension Presentation Linkbase Document
101.DEFBRL	Taxonomy Extension Definition Linkbase Document

AMENDMENT NO. 6

Dated as of March 4, 2016

to

CREDIT AGREEMENT

Dated as of June 23, 2011

THIS AMENDMENT NO. 6 (this "Amendment") is made as of March 4, 2016 by and among (i) Unisys Corporation (the "Borrower"), (ii) Unisys Holding Corporation, Unisys NPL, Inc. and Unisys AP Investment Company I (each a "Guarantor" and, collectively, the "Guarantors" and, collectively with the Borrower, the "Credit Parties"), (iii) the undersigned Lenders and (iv) Wells Fargo Bank, National Association, as administrative agent (the "Agent"), under that certain Credit Agreement dated as of June 23, 2011 by and among the Borrower, the other Credit Parties, the Lenders and the Agent (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Credit Parties, the Lenders party hereto and the Agent have agreed to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Credit Parties, the Lenders party hereto and the Agent hereby agree to enter into this Amendment.

1. Amendment to the Credit Agreement. Effective as of the "Amendment No. 6 Effective Date" (as defined below), the parties hereto agree that the Credit Agreement is hereby amended as follows:

(a) Section 5.4 of the Credit Agreement is hereby amended by adding the following Section 5.4(p):

"(p) Investments represented by Permitted Equity Derivative Agreements and the performance of obligations under Permitted Equity Derivative Agreements (including payments of cash pursuant thereto)."

(b) Section 5.9 of the Credit Agreement is hereby amended by:

(i) amending and restating the introductory paragraph of Section 5.9 as follows:

"Restricted Payments. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any of its Equity Interests, or purchase, redeem or otherwise acquire for value (or permit any of its Subsidiaries to do so), or make any payment to induce the conversion of any of its Equity Interests, now

or hereafter outstanding (each, a “Restricted Payment”), except that the Credit Parties and their respective Subsidiaries may:”; and

(ii) adding the following Section 5.9(m):

“(m) enter into, exercise rights and perform obligations under Permitted Equity Derivative Agreements (including payments of cash pursuant thereto).”

(c) Section 7.1(e)(ii) of the Credit Agreement is hereby amended by amending and restating Section 7.1(e)(ii) of the Credit Agreement as follows:

“(ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness and such failure continues after the applicable grace or notice period, if any, specified in the document relating thereto on the date of such failure, if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity (without regard to any subordination terms with respect thereto), provided that this clause (e)(ii) shall not apply to (A) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the Property or assets securing such Indebtedness, if (x) such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and (y) all required repayments or prepayments (if any) required under the terms of the agreements governing such Indebtedness arising because of such voluntary sale or transfer are paid in accordance with the terms of such agreements or (B) any requirement to deliver cash or equity securities upon conversion of any convertible Indebtedness;”

(d) The definition of “Indebtedness” set forth in Section 11.1 is hereby amended by adding the following sentence to the end of the definition:

“Notwithstanding the foregoing, obligations arising from any Permitted Equity Derivative Agreement shall not be considered Indebtedness.”

(e) The following definitions are hereby added to Section 11.1 in alphabetical order:

““Convertible Debt Security” means any debt security the terms of which provide for the conversion thereof into Capital Stock, cash or a combination of Capital Stock and cash.”

““Permitted Equity Derivative Agreement” means any forward purchase, accelerated share purchase, call option, warrant transaction or other equity derivative transaction (including, but not limited to, any bond hedge transaction or capped call transaction), whether settled in shares, cash or a combination thereof, in each case entered into by the Borrower in connection with the issuance of Convertible Debt Securities; provided that the terms, conditions and covenants of each such agreement shall be such as are customary for agreement of such type (as determined conclusively by the Borrower in good faith).”

(f) The definition of “Interest Expense” set forth in Exhibit C to Exhibit 4.2(b) to the Credit Agreement is hereby amended by deleting such definition in its entirety and replacing it with the following:

““Interest Expense” shall mean (x) for purposes of the calculation of EBITDA, with respect to the Borrower and its consolidated Subsidiaries for any fiscal period, interest expense (whether cash or non-cash) of such Person determined in accordance with GAAP for the relevant period ended on such date, including (a) amortization of original issue discount on any Indebtedness and of all fees payable in connection with the incurrence of such Indebtedness (to the extent included in interest expense), (b) the interest portion of any deferred payment obligation and (c) the interest component of any Capital Lease Obligation and (y) for purposes of the calculation of Fixed Charge Coverage Ratio, with respect to the Borrower and its consolidated Subsidiaries for any fiscal period, interest expense (excluding any non-cash interest expense) of such Person determined in accordance with GAAP for the relevant period ended on such date.”

2 . Condition of Effectiveness. This Amendment shall become effective on the date first written above (the “Amendment No. 6 Effective Date”) upon the Agent’s receipt of counterparts of this Amendment duly executed by each Credit Party and the Required Lenders.

3. Representations and Warranties of the Credit Parties. Each Credit Party hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement (as amended hereby), as applicable, constitute legal, valid and binding obligations of such Credit Party, enforceable against such Credit Party in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent transfer or similar laws affecting the enforcement of creditors’ rights generally or by equitable principles relating to enforceability.

(b) As of the date hereof and after giving effect to the terms of this Amendment, (i) no Default or Event of Default has occurred and is continuing or would reasonably be expected to result from the effectiveness of this Amendment and (ii) each of the representations and warranties of such Credit Party set forth in the Credit Agreement or any other Loan Document to which such Credit Party is a party is true and correct in all material respects (without duplication of any materiality qualifier contained therein), except to the extent any such representation or warranty expressly relates to an earlier date (in which event such representation or warranty was true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date).

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) The Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except with respect to the subject matter hereof, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent

or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Consent and Reaffirmation. Without in any way establishing a course of dealing by the Agent or any Lender, each of the undersigned Credit Parties consents to the Amendment and reaffirms the terms and conditions of the Credit Agreement and any other Loan Document executed by it and acknowledges and agrees that such Credit Agreement and each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed.

6. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

UNISYS CORPORATION,
as the Borrower

By: /s/ Scott A. Battersby
Name: Scott A. Battersby
Title: Vice President and Treasurer

UNISYS HOLDING CORPORATION,
as a Credit Party

By: /s/ John Bereschak
Name: John Bereschak
Title: Vice President and Treasurer

UNISYS NPL, INC.,
as a Credit Party

By: /s/ John Bereschak
Name: John Bereschak
Title: Vice President and Treasurer

UNISYS AP INVESTMENT COMPANY I,
as a Credit Party

By: /s/ John Bereschak
Name: John Bereschak
Title: Vice President and Treasurer

Signature Page to Amendment No. 6 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent

By: /s/ Robert H. Waters, Jr.
Name: Robert H. Waters, Jr.
Title: Duly Authorized Signatory

Signature Page to Amendment No. 6 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

CITIBANK, N.A., as a Lender

By: /s/ Allister Chan

Name: Allister Chan

Title: Vice President

Signature Page to Amendment No. 6 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Robert H. Waters, Jr.

Name: Robert H. Waters, Jr.

Title: Duly Authorized Signatory

Signature Page to Amendment No. 6 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

CITIZENS BUSINESS CAPITAL, A DIVISION OF CITIZENS ASSET FINANCE, INC.,
as a Lender

By: /s/ Kenneth Wales
Name: Kenneth Wales
Title: Vice President

Signature Page to Amendment No. 6 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

HSBC BANK USA, N.A., as a Lender

By: /s/ Peter Martin

Name: Peter Martin

Title: Vice President

Signature Page to Amendment No. 6 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

BANK OF AMERICA, N.A., as a Lender

By: /s/ Christy L. Bowen

Name: Christy L. Bowen

Title: Vice President

Signature Page to Amendment No. 6 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

AMENDMENT NO. 7

Dated as of July 25, 2016

to

CREDIT AGREEMENT

Dated as of June 23, 2011

THIS AMENDMENT NO. 7 (this "Amendment") is made as of July 25, 2016 by and among (i) Unisys Corporation (the "Borrower"), (ii) Unisys Holding Corporation, Unisys NPL, Inc. and Unisys AP Investment Company I (each a "Guarantor" and, collectively, the "Guarantors" and, collectively with the Borrower, the "Credit Parties"), (iii) the undersigned Lenders and (iv) Wells Fargo Bank, National Association, as administrative agent (the "Agent"), under that certain Credit Agreement dated as of June 23, 2011 by and among the Borrower, the other Credit Parties, the Lenders and the Agent (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Credit Parties have requested that the Lenders amend the Credit Agreement to provide flexibility for the issuance by the Borrower of certain senior notes (the "New Notes Issuance") which may be secured and constitute Non-ABL Priority Lien Debt and utilize a portion of the Non-ABL Priority Lien Cap (the "New Notes") (which New Notes Issuance may result each Credit Party granting a Lien to secure the 2017 Notes in accordance with the equal and ratable sharing clause of the 2017 Notes Indenture) (the "Specified Transactions"); and

WHEREAS, the Credit Parties, the Lenders party hereto and the Agent have agreed to amend the Credit Agreement to, among other things, provide the Borrower the flexibility to consummate the Specified Transactions on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Credit Parties, the Lenders party hereto and the Agent hereby agree to enter into this Amendment.

1. Amendments to Credit Agreement. Effective as of the Amendment No. 7 Effective Date (as defined below) upon the satisfaction of the conditions specified in Section 3 below, the parties hereto agree that the Credit Agreement is hereby amended as follows:

(a) Each of Sections 3.3, 3.19, 3.22, and 3.29 of the Credit Agreement is hereby amended to delete the reference to "Amendment No. 3 Effective Date" appearing therein and substitute "Amendment No. 7 Effective Date" therefor.

(b) Section 3.28 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Section 3.28 Senior Notes. As of the Amendment No. 7 Effective Date, the Borrower has delivered to Agent a complete and correct copy of the 2017 Notes Indenture and the 2021 Convertible Senior Notes Indenture (in each case, including all material

amendments, modifications and supplements thereto). Upon consummation of the New Notes Issuance, the Borrower has delivered to Agent a complete and correct copy of the 2017 Notes Indenture, the New Notes Indenture, the 2021 Convertible Senior Notes Indenture, and (if applicable) the Collateral Trust Agreement (in each case, including all material amendments, modifications and supplements thereto). All Obligations, including the L/C Reimbursement Obligations, constitute (a) Indebtedness permitted under the 2017 Notes Indenture, the 2021 Convertible Senior Notes Indenture, and, upon consummation of the New Notes Issuance, the New Notes Indenture and (if applicable) the Collateral Trust Agreement, (b) if applicable, "Permitted ABL Debt Obligations" (as defined in the Collateral Trust Agreement) and (c) if applicable, "ABL Obligations" (as defined in the Intercreditor Agreement) entitled to the benefits of the provisions contained in the Intercreditor Agreement."

(c) Section 5.5(a)(ii) of the Credit Agreement is hereby amended to delete the parenthetical appearing there and substitute the following therefor:

"(other than letters of credit in existence on the Closing Date, which will be deemed to be incurred under clause (i) (to the extent provided in Section 1.1(b)(viii)) or clause (xvi) below)".

(d) Section 5.5(a)(v)(1) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"(1) neither the Borrower nor any Subsidiary Guarantor shall incur any Non-ABL Priority Lien Debt if the aggregate principal amount outstanding under this clause (v) (as of any date of incurrence of Indebtedness under this clause (v) and after giving pro forma effect to the application of any net proceeds therefrom within thirty-five (35) days of the date of such incurrence) would exceed \$300.0 million, unless the Credit Parties were in compliance with the covenants set forth in Article VI as of the end of the most recent fiscal quarter for which financial statements have been delivered hereunder (regardless of whether any such covenant is required to be tested as of such date pursuant to Article VI); provided that, solely for purposes of determining whether the foregoing is satisfied with respect to the New Notes Issuance and the transactions contemplated by a supplemental indenture to secure the 2017 Notes in accordance with the equal and ratable sharing clause of the 2017 Notes Indenture in connection with the New Notes Issuance, the minimum Fixed Charge Coverage Ratio permitted under Section 6.2 as of the applicable Fiscal Quarter shall be deemed to be 1.00 to 1.00;"

(e) Section 5.5(a)(v) is hereby amended to delete the phrase "to refinance the 2017 Notes" appearing in subclause (2) thereof and replacing the period appearing at the end of subclause (2) thereof with the phrase "; and".

(f) Section 5.5(a)(v) is hereby amended to add a new subclause (3) following subclause (2) thereof as follows:

"(3) any Non-ABL Priority Lien Debt or unsecured indebtedness incurred pursuant to this Section 5.5(a)(v) after the Amendment No. 7 Effective Date shall have a stated maturity date of no sooner than 90 days after the Revolving Termination Date as in effect at the time of such incurrence."

(g) Section 5.13 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Section 5.13 Amendments to Note Documents. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, amend, supplement, waive or otherwise modify any provision of (a) the 2017 Notes Indenture, (b) the 2021 Convertible Senior Notes Indenture, (c) upon consummation of the New Notes Issuance, the New Notes Indenture or (if applicable) the Collateral Trust Agreement, or (e) any other Contractual Obligation governing Non-ABL Priority Debt in each case in a manner which would reasonably be expected to have a Material Adverse Effect or if the effect of such change or amendment is to: (i) increase the stated interest rate on such Indebtedness; (ii) shorten the stated dates upon which payments of principal or interest are due on such Indebtedness; (iii) change the subordination provisions (if any) thereof (or the subordination terms of any guaranty thereof) in any manner materially adverse to the interests of the Agent or the Lenders; or (iv) change or amend any other terms if such changes or amendments would materially increase the obligations of the Credit Parties or confer additional material rights on the holder of such Indebtedness in a manner which, taken as a whole, is materially adverse to the Credit Parties, Agent or Lenders; provided that the Credit Parties may supplement the 2017 Notes Indenture to secure the 2017 Notes in accordance with the equal and ratable sharing clause of the 2017 Notes Indenture in connection with the consummation of the New Notes Issuance.”

(h) Section 5.14 of the Credit Agreement is hereby amended to delete the clause “Except pursuant to the Loan Documents, the 2012 Note Indenture, the 2014 Notes Indenture, the 2015 Notes Indenture, the 2016 Notes Indenture, and the Collateral Trust Agreement (or any indenture or agreement pursuant to which the Existing Notes are then outstanding or any permitted refinancing thereof),” appearing at the beginning of such section and substitute the following therefor:

“Except pursuant to (a) the Loan Documents, (b) the 2017 Notes Indenture, (c) upon consummation of the New Notes Issuance, the New Notes Indenture, (d) the 2021 Convertible Senior Notes Indenture, or (e) upon consummation of the New Notes Issuance, the Collateral Trust Agreement (or any indenture or agreement pursuant to which the 2017 Notes, New Notes, or 2021 Convertible Senior Notes are then outstanding or any permitted refinancing thereof),”.

(i) Section 7.1(e) of the Credit Agreement is amended to amend and restate clause (iii) thereof in its entirety as follows:

“(iii) any “Event of Default” shall occur under (A) the 2017 Notes Indenture, (B) upon consummation of the New Notes Issuance, the New Notes Indenture, (C) the 2021 Convertible Senior Notes Indenture (or the equivalent of any “Event of Default” shall occur under the definitive documents evidencing any Permitted Refinancing Indebtedness with respect to the 2017 Notes, the New Notes or the 2021 Convertible Senior Notes) and such applicable “Event of Default” shall not have been annulled, waived or rescinded in accordance with the terms of such documents;”.

(j) Section 9.26 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Section 9.26 Lien Sharing and Priority Confirmation; Intercreditor Agreement, etc.”

(a) For the enforceable benefit of all holders of each existing and future series of secured indebtedness entitled to the benefits of the Collateral Trust Agreement, and their representatives party to such Collateral Trust Agreement, each of the Lenders, by execution of this Agreement:

(i) acknowledges and agrees that the holders of the obligations evidenced by the Loan Documents are bound by the provisions of the Collateral Trust Agreement and the Intercreditor Agreement, including the provisions relating to the ranking of Liens and the order of application of proceeds from enforcement of Liens; and

(ii) consents to the performance of, and directs the Agent to perform, its obligations under the Collateral Trust Agreement and the Intercreditor Agreement.

(b) The Agent is authorized and directed to execute on behalf of the Lenders any amendments to Section 9.26(a) to reflect the specific wording of any lien sharing and priority confirmation required by the terms of any Collateral Trust Agreement or Intercreditor Agreement entered into in accordance with the provisions of this Agreement, which amendments shall be effective without any further approval or execution by the Lenders.

(c) The Agent is authorized and directed to enter into an Intercreditor Agreement in connection with the New Notes Issuance, and to take such other actions and execute and deliver such other documents and agreements as shall be required to effectuate the terms thereof.”

(k) Section 11.1 of the Credit Agreement is hereby amended to delete the definitions of “2012 Notes”, “2012 Notes Indenture”, “2012 Notes Trustee”, “2014 Notes”, “2014 Notes Trustee”, “2014 Notes Indenture”, “2014 Notes Trustee”, “2015 Notes”, “2015 Notes Indenture”, “2015 Notes Trustee”, “2016 Notes”, “2016 Notes Indenture”, “2016 Notes Trustee” and “Existing Notes”.

(l) Section 11.1 of the Credit Agreement is hereby amended to add the following definitions thereto in the appropriate alphabetical order:

“2021 Convertible Senior Notes” means the unsecured 5.50% Convertible Senior Notes Due 2021 issued by the Borrower pursuant to the 2021 Convertible Senior Notes Indenture.

“2021 Convertible Senior Notes Indenture” means the Indenture, among the Borrower, the “Subsidiary Guarantors” from time to time party thereto and the 2021 Convertible Notes Trustee.

“2021 Convertible Notes Trustee” means Wells Fargo Bank, National Association, in its capacity as “Trustee” under the 2021 Convertible Senior Notes Indenture and any successor “Trustee” under the 2021 Convertible Senior Notes Indenture.

“Amendment No. 7 Effective Date” means July 25, 2016.

“New Notes” means the senior secured notes issued pursuant to the New Notes Issuance.

“New Notes Indenture” means an indenture governing the New Notes, among the Borrower, the “Subsidiary Guarantors” from time to time party thereto and the New Notes Trustee.

“New Notes Issuance” means the issuance by the Borrower of certain senior notes; *provided*, that such senior notes will be incurred utilizing the Non-ABL Priority Lien Cap; *provided* further that, if such senior notes are secured (i) such senior notes will constitute Non-ABL Priority Lien Debt, and (ii) the collateral trustee with respect to such senior notes shall have entered into an Intercreditor Agreement with the Agent.

“New Notes Trustee” means the indenture trustee initially party to the New Notes Indenture and any successor “Trustee” under the New Notes Indenture.

(m) Section 11.1 of the Credit Agreement is hereby amended to amend and restate the definitions of “2017 Notes”, “2017 Notes Indenture”, “Collateral Trust Agreement”, “Control Agreement”, “Intercreditor Agreement”, “Material Contract”, “Non-ABL Priority Lien Cap” and “Non-ABL Priority Lien Debt” in their entirety as follows:

“2017 Notes” means the 6¼% Senior Secured Notes Due 2017 issued by the Borrower pursuant to the 2017 Notes Indenture.

“2017 Notes Indenture” means the Indenture dated as of June 1, 2012, as supplemented by the First Supplemental Indenture dated as of August 21, 2012, each among the Borrower, the “Subsidiary Guarantors” from time to time party thereto and the 2017 Notes Trustee.

“Collateral Trust Agreement” means a collateral trust agreement among the Borrower, the “Guarantors” from time to time party thereto, the “Secured Debt Representatives” from time to time party thereto and a collateral trustee, entered into in connection with any Non-ABL Priority Lien Debt that is in form and substance acceptable to the Agent and the Required Lenders in their sole and absolute discretion (provided that any collateral trust agreement that is substantially identical in all respects material to the Lenders to the collateral trust agreement that was in effect on the Closing Date in connection with the Existing Notes shall be deemed to be in form and substance acceptable to the Required Lenders in their discretion).

“Control Agreement” means a multi-party deposit account, securities account or commodities account control agreement by and among the applicable Credit Party, the Agent, the collateral trustee under the Collateral Trust Agreement (if applicable), the 2017 Notes Trustee (if applicable), the New Notes Trustee (if applicable) and the depository, securities intermediary or commodities intermediary, and each in form and substance satisfactory to Agent and, in any event, providing to Agent “control” of such deposit account, securities or commodities account within the meaning of Articles 8 and 9 of the UCC.

“Intercreditor Agreement” means an intercreditor agreement entered into by the Agent in connection with any Non-ABL Priority Lien Debt that is in form and substance acceptable to the Agent and the Required Lenders in their sole and absolute discretion.

“LIBOR” means, for each Interest Period, the offered rate per annum for deposits of Dollars for the applicable Interest Period that appears on Reuters Screen LIBOR 01 PAGE as of 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such Interest Period (and, if any such rate is below zero, the LIBOR shall be deemed to be zero). If no such offered rate exists, such rate will be the rate of interest per annum, as determined by Agent at which deposits of Dollars in immediately available funds are offered at 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such Interest Period by major financial institutions reasonably satisfactory to Agent in the London interbank market for such Interest Period for the applicable principal amount on such date of determination.

“Material Contract” means each of (a) the 2017 Notes Indenture, (b) the 2021 Convertible Senior Notes Indenture, (c) upon consummation of the New Notes Issuance, the New Notes Indenture and, if applicable, the Collateral Trust Agreement, and (e) any other principal contract or agreement governing Indebtedness for borrowed money of the Borrower or any Domestic Subsidiary with operations in the United States in an amount in excess of \$50.0 million.

“Non-ABL Priority Lien Cap” means (a) prior to the New Notes Issuance, \$500.0 million, and (b) upon consummation of the New Notes Issuance, \$750.0 million.

“Non-ABL Priority Lien Debt” means any Indebtedness that is secured by Non-ABL Priority Liens, provided that such Indebtedness is governed by an indenture or a credit agreement, as applicable, or other agreement that includes a Lien Sharing and Priority Confirmation.

(n) Section 11.1 of the Credit Agreement is hereby amended to amend the definition of “Disqualified Stock” appearing therein to delete the second parenthetical therein.

(o) Exhibit B to Exhibit 4.2(b) of the Credit Agreement is hereby amended by (i) replacing the text “repurchase of the Existing Notes” with “repurchase of the 2017 Notes”, (ii) replacing the text “January 1, 2011” with “July 31, 2016”, and (iii) replacing the text “\$170,000,000” with “\$50,000,000”, in each case in item 2 thereof.

(p) Exhibit B to Exhibit 4.2(b) of the Credit Agreement is hereby amended by adding the following add back after the add back for “Consolidated FAS 87 Pension Expenses” in item 2 of Exhibit B to Exhibit 4.2(b) of the Credit Agreement:

plus

The amount of any non-cash settlement charges deducted from net income (or loss) above caused by or attributable to the restructuring of pension plans of Borrower and its Subsidiaries (which shall not be duplicative to any other add-back item in this EBITDA calculation):

\$ _____

(q) Schedules 3.19 and 3.22 to the Credit Agreement are hereby amended and restated in their entirety as set forth on Exhibit A hereto.

2 . Amendment to the Guaranty and Security Agreement. Upon consummation of the New Notes Issuance and entry into of an Intercreditor Agreement in connection therewith, the parties hereto agree that the Guaranty and Security Agreement shall be amended to amend and restate the legend appearing thereon as follows (with the blanks appropriately filled in and with such other changes as may be required by the terms of the Intercreditor Agreement):

“NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE LIEN AND SECURITY INTEREST GRANTED TO WELLS FARGO BANK, NATIONAL ASSOCIATION, AS AGENT, PURSUANT TO THIS GUARANTY AND SECURITY AGREEMENT AND THE EXERCISE OF ANY RIGHT OR REMEDY BY WELLS FARGO BANK, NATIONAL ASSOCIATION, AS AGENT, HEREUNDER ARE SUBJECT TO THE PROVISIONS OF THE INTERCREDITOR AGREEMENT, DATED AS OF _____, 2016 (AS AMENDED, RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, THE “INTERCREDITOR AGREEMENT”), AMONG UNISYS CORPORATION, [_____], AS COLLATERAL TRUSTEE, WELLS FARGO BANK, NATIONAL ASSOCIATION, AS AGENT, AND CERTAIN OTHER PERSONS WHICH MAY BE OR BECOME PARTIES THERETO OR BECOME BOUND THERETO FROM TIME TO TIME. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THE INTERCREDITOR AGREEMENT AND THIS GUARANTY AND SECURITY AGREEMENT, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL.”

3 . Conditions of Effectiveness. This Amendment shall become effective on the date first written above (the “Amendment No. 7 Effective Date”) upon the satisfaction of the following conditions precedent:

(a) Agent shall have received counterparts of this Amendment duly executed by each Credit Party and the Required Lenders; and

(b) Agent shall have received payment in full of all fees and all reimbursements of costs or expenses, in each case, invoiced prior to the Amendment No. 7 Effective Date and due and payable under any Loan Document on or before the Amendment No. 7 Effective Date.

4 . Representations and Warranties of the Credit Parties. Each Credit Party hereby represents and warrants as follows:

(a) This Amendment and each of the Credit Agreement and the Guaranty and Security Agreement (each as amended hereby), as applicable, constitute legal, valid and binding obligations of such Credit Party, enforceable against such Credit Party in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent transfer or similar laws affecting the enforcement of creditors’ rights generally or by equitable principles relating to enforceability.

(b) As of the date hereof and after giving effect to the terms of this Amendment, (i) no Default or Event of Default has occurred and is continuing or would reasonably be expected to result from the effectiveness of this Amendment and (ii) each of the representations and warranties of such Credit Party set forth in the Credit Agreement or any other Loan Document to which such Credit Party is a party is true and correct in all material respects (without duplication of any materiality qualifier contained therein), except to the extent any such representation or warranty expressly relates to an earlier date (in which event such representation or warranty was true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date).

5. Reference to and Effect on the Credit Agreement and Guaranty and Security Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement and the Guaranty and Security Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement and the Guaranty and Security Agreement, as applicable, as amended hereby.

(b) The Credit Agreement, the Guaranty and Security Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except with respect to the subject matter hereof, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement, the Guaranty and Security Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

6. Consent and Reaffirmation. Without in any way establishing a course of dealing by the Agent or any Lender, each of the undersigned Credit Parties consents to the Amendment and reaffirms the terms and conditions of the Credit Agreement and any other Loan Document executed by it and acknowledges and agrees that such Credit Agreement and each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed.

7. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

8. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

9. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

UNISYS CORPORATION,
as the Borrower

By: /s/Scott A. Battersby
Name: Scott A. Battersby
Title: Vice President and Treasurer

UNISYS HOLDING CORPORATION,
as a Credit Party

By: /s/John D. Bereschak
Name: John D. Bereschak
Title: Vice President

UNISYS NPL, INC.,
as a Credit Party

By: /s/John D. Bereschak
Name: John D. Bereschak
Title: Vice President

UNISYS AP INVESTMENT COMPANY I,
as a Credit Party

By: /s/John D. Bereschak
Name: John D. Bereschak
Title: Vice President

Signature Page to Amendment No. 7 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent and as a Lender

By: /s/Robert H. Waters, Jr.

Name: Robert H. Waters, Jr.

Title: Duly Authorized Signatory

Signature Page to Amendment No. 7 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

CITIBANK, N.A., as a Lender

By: /s/Allister Chan

Name: Allister Chan

Title: Vice President

Signature Page to Amendment No. 7 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

HSBC BANK USA, N.A., as a Lender

By: /s/Chris Burns

Name: Chris Burns

Title: Vice President

Signature Page to Amendment No. 7 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

CITIZENS BUSINESS CAPITAL, A DIVISION OF CITIZENS ASSET FINANCE, INC.,
as a Lender

By: /s/Kenneth Wales

Name: Kenneth Wales

Title: Vice President

Signature Page to Amendment No. 7 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

BANK OF AMERICA, N.A., as a Lender

By: /s/Christy Lynn Bowen
Name: Christy Lynn Bowen
Title: Vice President

Signature Page to Amendment No. 7 to
Credit Agreement dated as of June 23, 2011
Unisys Corporation

UNISYS CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND
 PREFERRED STOCK DIVIDENDS (UNAUDITED)
 (\$ in millions)

	Six Months Ended June 30, 2016	Years Ended December 31				
		2015	2014	2013	2012	2011
Fixed charges						
Interest expense	\$ 12.2	\$ 11.9	\$ 9.2	\$ 9.9	\$ 27.5	\$ 63.1
Interest capitalized during the period	1.2	3.1	4.0	3.2	5.3	4.9
Amortization of revolving credit facility expenses	0.2	1.5	1.6	1.6	1.7	1.9
Portion of rental expense representative of interest	12.7	26.9	27.9	28.4	28.2	32.6
Total Fixed Charges	26.3	43.4	42.7	43.1	62.7	102.5
Preferred stock dividend requirements (a)	—	—	2.7	16.2	16.2	13.5
Total fixed charges and preferred stock dividends	26.3	43.4	45.4	59.3	78.9	116.0
Earnings						
Income (loss) before income taxes	11.1	(58.8)	145.5	219.4	254.1	206.0
Add amortization of capitalized interest	1.6	3.7	4.5	5.0	7.5	7.4
Subtotal	12.7	(55.1)	150.0	224.4	261.6	213.4
Fixed charges per above	26.3	43.4	42.7	43.1	62.7	102.5
Less interest capitalized during the period	(1.2)	(3.1)	(4.0)	(3.2)	(5.3)	(4.9)
Total earnings	\$ 37.8	\$ (14.8)	\$ 188.7	\$ 264.3	\$ 319.0	\$ 311.0
Ratio of earnings to fixed charges	1.44	*	4.42	6.13	5.09	3.03
Ratio of earnings to fixed charges and preferred stock dividends (b)	1.44	N/A	4.16	4.46	4.04	2.68

(a) Amounts have not been grossed up for income taxes since the preferred stock was issued by the U.S. parent corporation which has a full valuation allowance against its net deferred tax assets.

(b) The ratio of earnings to fixed charges and preferred stock dividends is calculated by dividing total earnings by total fixed charges and preferred stock dividends.

* Earnings for the year ended December 31, 2015 were inadequate to cover fixed charges by \$58.2 million.

CERTIFICATION

I, Peter A. Altabef, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2016

	<u>/s/ Peter A. Altabef</u>
Name:	Peter A. Altabef
Title:	President and Chief Executive Officer

CERTIFICATION

I, Janet Brutschea Haugen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2016

	<u>/s/ Janet Brutschea Haugen</u>
Name:	Janet Brutschea Haugen
Title:	Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

I, Peter A. Altabef, President and Chief Executive Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2016

/s/ Peter A. Altabef

Peter A. Altabef

President and

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT

I, Janet Brutschea Haugen, Senior Vice President and Chief Financial Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2016

/s/ Janet Brutschea Haugen

Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

