

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, 1997.

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 38-0387840  
(State or other jurisdiction (I.R.S. Employer  
of incorporation or organization Identification No.)

Township Line and Union Meeting Roads  
Blue Bell, Pennsylvania 19424  
(Address of principal executive offices) (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

Number of shares of Common Stock outstanding as of June 30, 1997:  
175,200,754.

Page 2

Part I - FINANCIAL INFORMATION  
Item 1. Financial Statements.

UNISYS CORPORATION  
CONSOLIDATED BALANCE SHEET  
(Millions)

	June 30, 1997 (Unaudited)	December 31, 1996
	-----	-----
Assets		
Current Assets		
Cash and cash equivalents	\$ 472.0	\$1,029.2
Marketable securities	5.6	5.6
Accounts and notes receivable, net	913.7	959.0
Inventories		
Finished equipment and supplies	317.8	325.5
Work in process and raw materials	288.6	316.8
Deferred income taxes	365.8	365.8
Other current assets	122.6	131.2
	-----	-----
Total	2,486.1	3,133.1
	-----	-----
Long-term receivables, net	72.2	59.3

Properties and rental equipment	1,844.0	1,950.3
Less-Accumulated depreciation	1,257.3	1,328.5
Properties and rental equipment, net	586.7	621.8
Cost in excess of net assets acquired	965.6	981.3
Investments at equity	222.4	244.4
Deferred income taxes	678.7	678.7
Other assets	1,256.9	1,248.5
Total	\$6,268.6	\$6,967.1
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$ 9.6	\$ 13.9
Current maturities of long-term debt	5.4	5.8
Accounts payable	730.2	871.1
Other accrued liabilities	1,184.5	1,453.4
Dividends payable	26.6	26.6
Estimated income taxes	85.1	94.3
Total	2,041.4	2,465.1
Long-term debt	2,264.6	2,271.4
Other liabilities	422.2	474.6
Redeemable preferred stock		150.0
Stockholders' equity		
Preferred stock	1,420.2	1,420.2
Common stock, issued: 1997, 176.1; 1996, 175.7	1.8	1.8
Accumulated deficit	(768.7)	(770.1)
Other capital	887.1	954.1
Stockholders' equity	1,540.4	1,606.0
Total	\$6,268.6	\$6,967.1

<FN>

See notes to consolidated financial statements.

Page 3

UNISYS CORPORATION  
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)  
(Millions, except per share data)

	Three Months		Six Months	
	Ended June 30		Ended June 30	
	1997	1996	1997	1996
Revenue	\$1,585.3	\$1,505.0	\$3,116.0	\$2,928.1
Costs and expenses				
Cost of revenue	1,046.9	1,013.1	2,061.9	1,997.3
Selling, general and administrative	341.8	346.6	670.6	668.6
Research and development	67.4	81.4	147.7	177.4
	1,456.1	1,441.1	2,880.2	2,843.3
Operating income	129.2	63.9	235.8	84.8
Interest expense	59.5	68.3	119.9	118.8
Other income (loss), net	( 3.2)	12.4	(18.8)	21.7
Income (loss) before income taxes	66.5	8.0	97.1	(12.3)
Estimated income taxes (benefit)	24.6	2.7	35.9	( 4.2)
Net income (loss)	41.9	5.3	61.2	( 8.1)

Dividends on preferred shares	27.8	30.2	57.9	60.4
	-----	-----	-----	-----
Earnings (loss) on common shares	\$ 14.1	\$ (24.9)	\$ 3.3	\$ (68.5)
	=====	=====	=====	=====
Earnings (loss) per common share				
Primary	\$ .08	\$ (.14)	\$ .02	\$ (.40)
	=====	=====	=====	=====
Fully Diluted	\$ .08	\$ (.14)	\$ .02	\$ (.40)
	=====	=====	=====	=====

<FN>

See notes to consolidated financial statements.

Page 4

UNISYS CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
(Millions)

	Six Months Ended June 30	
	1997	1996
	-----	-----
Cash flows from operating activities		
Net income (loss)	\$ 61.2	\$( 8.1)
Add (deduct) items to reconcile net income (loss) to net cash (used for) operating activities:		
Depreciation	80.2	86.1
Amortization:		
Marketable software	43.9	53.6
Cost in excess of net assets acquired	23.2	21.7
(Increase) in deferred income taxes		( 15.6)
Decrease in receivables, net	32.5	79.0
Decrease (increase) in inventories	35.9	( 44.5)
(Decrease) in accounts payable and other accrued liabilities	( 414.3)	( 502.5)
(Decrease) in estimated income taxes	( 9.2)	( 39.7)
(Decrease) in other liabilities	( 52.4)	( 4.5)
Decrease (increase) in other assets	14.6	( 45.0)
Other	8.1	( 27.8)
	-----	-----
Net cash used for operating activities	( 176.3)	( 447.3)
	-----	-----
Cash flows from investing activities		
Proceeds from investments	754.4	1,118.9
Purchases of investments	( 734.7)	(1,124.6)
Proceeds from sales of properties	3.2	18.8
Investment in marketable software	( 59.1)	( 42.1)
Capital additions of properties and rental equipment	( 90.5)	( 55.8)
Purchases of businesses	( 13.7)	( 12.2)
	-----	-----
Net cash used for investing activities	( 140.4)	( 97.0)
	-----	-----
Cash flows from financing activities		
Redemption of redeemable preferred stock	( 150.0)	
Proceeds from issuance of debt		700.9
Principal payments of debt		( 24.7)
Net (reduction in) proceeds from short-term borrowings	( 4.3)	1.7
Dividends paid on preferred shares	( 59.8)	( 60.4)
Other	.1	.3
	-----	-----
Net cash (used for) provided by financing activities	( 214.0)	617.8
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	( 18.4)	( 11.4)
	-----	-----
Net cash (used for) provided by continuing operations	( 549.1)	62.1

Net cash used for discontinued operations	( 8.1)	( 7.4)
	-----	-----
(Decrease) increase in cash and cash equivalents	( 557.2)	54.7
Cash and cash equivalents, beginning of period	1,029.2	1,114.3
	-----	-----
Cash and cash equivalents, end of period	\$ 472.0	\$1,169.0
	=====	=====

<FN>

See notes to consolidated financial statements.

Page 5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 and cash flows for the interim periods specified. These adjustments consist only of normal recurring accruals. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year.

- a. For the three and six months ended June 30, 1997, the computations of earnings per share are based on the weighted average number of outstanding common shares and additional shares assuming the exercise of stock options. The computations for the three and six months ended June 30, 1996 are based solely on the weighted average number of outstanding common shares. None of the periods presented assumes conversion of the 8 1/4% Convertible Subordinated Notes due 2000 and 2006, or the Series A Preferred Stock since such conversions would have been antidilutive. The shares used in the computations are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	-----	-----	-----	-----
	1997	1996	1997	1996
	-----	-----	-----	-----
Primary	175,906	172,702	175,761	172,070
Fully diluted	175,906	172,702	175,761	172,070

Page 6

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

Results of Operations

For the three months ended June 30, 1997, the Company reported net income of \$41.9 million, compared to net income of \$5.3 million for the three months ended June 30, 1996. On a per-share basis, the second quarter net income was \$.08 per primary and fully diluted common share after preferred dividends, compared to a loss of \$.14 per primary and fully diluted common share a year ago.

Total revenue for the quarter ended June 30, 1997 was \$1.56 billion, up 5% from \$1.51 billion for the year-ago period despite the negative impact of foreign currencies in the current quarter. Total gross profit percent was 34.0% in the second quarter of 1997 compared to 32.7% in the year-ago period.

For the three months ended June 30, 1997, selling, general and administrative expenses were \$341.8 million compared to \$346.6 million for the three months ended June 30, 1996, and research and development expenses were \$67.4 million compared to \$81.4 million a year earlier. The decline in research and development was largely due to the Company's cost reduction actions and an increase in capitalization of software development costs compared to the prior-year period.

For the second quarter of 1997, the Company reported an operating income percent (operating income as a percent of revenue) of 8.1% compared to 4.2% for the second quarter of 1996.

Revenue, gross profit percentage and operating income percentage by business

unit are presented below (\$ in millions):

	Total	Elimi- nations	Information Services Group	Global Customer Services	Computer Systems Group
	-----	-----	-----	-----	-----
Three Months Ended June 30, 1997 -----					
Customer revenue	\$1,585.3		\$484.1	\$542.2	\$559.0
Intercompany		\$(110.4)	2.0	19.0	89.4
Total revenue	\$1,585.3	\$(110.4)	\$486.1	\$561.2	\$648.4
	=====	=====	=====	=====	=====
Gross profit percent	34.0%		21.3%	28.9%	43.3%
	=====		=====	=====	=====
Operating income percent	8.1%		(3.7)%	11.2%	13.5%
	=====		=====	=====	=====
Three Months Ended June 30, 1996 -----					
Customer revenue	\$1,505.0		\$508.6	\$486.6	\$509.8
Intercompany		\$(156.7)	2.1	32.2	122.4
Total revenue	\$1,505.0	\$(156.7)	\$510.7	\$518.8	\$632.2
	=====	=====	=====	=====	=====
Gross profit percent	32.7%		17.9%	31.9%	38.4%
	=====		=====	=====	=====

Page 7

Item 2. Management's Discussion and Analysis of Financial  
Condition and Results of Operations (Cont'd).

Note: Certain prior year business unit amounts have been reclassified to conform with the current year presentation.

Customer revenue from the Information Services Group ("ISG") decreased 5% in the quarter reflecting the continued focus and refinement of the group's business model. ISG gross profit percent was 21.3% in 1997 compared to 17.9% last year due to the benefits of restructuring and an improved bid quality and control process.

Global Customer Services ("GCS") customer revenue increased 11% from year-ago levels led by growth in distributed computing support services which more than offset a decline in core maintenance revenue. The gross profit percent in GCS was 28.9% in 1997 compared to 31.9% last year due in large part to the impact, in the current period, of a large lower-margin federal contract for distributed computing support services.

Customer revenue in the Computer Systems Group ("CSG") increased 10% principally due to increases in sales of large-scale enterprise servers and software. CSG gross profit percent rose to 43.3% in 1997 from 38.4% last year, due in large part to a higher proportion of sales of large-scale enterprise servers.

Interest expense in the second quarter of 1997 was \$59.5 million compared to \$68.3 million in the second quarter of 1996, principally due to lower average debt levels.

Other income (loss), net, which can vary from quarter to quarter, was a loss of \$3.2 million in the current quarter compared to income of \$12.4 million in the year-ago period. The change was mainly due to lower equity and interest income.

Income before income taxes was \$66.5 million in 1997 compared to \$8.0 million last year. The provision for income taxes was \$24.6 million in the current period compared to \$2.7 million in the year-ago period.

Effective January 1, 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This statement requires that if a transfer of financial assets does not meet certain criteria for recording the transaction as a sale, the transfer must be accounted for as a secured borrowing. The adoption of SFAS No. 125 did not have a material effect on the Company's consolidated financial position, consolidated statement of income, or liquidity.

Page 8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd).

In February of 1997, SFAS No. 128, "Earnings per Share," was issued. This statement establishes new standards for computing and presenting earnings per share. Adoption of SFAS No. 128 and restatement of prior periods' earnings per share is required in the fourth quarter of 1997. For the Company, earnings per share under SFAS No. 128 for the current quarter would be the same as reported. The effect of adoption of SFAS No. 128 on earlier periods is immaterial.

Financial Condition

Cash, cash equivalents and marketable securities at June 30, 1997 were \$477.6 million compared to \$1.0 billion at December 31, 1996. Cash was used during the first six months of 1997 for operating, investing and financing activities as described below.

Cash used for operating activities during the six months ended June 30, 1997 was \$176.3 million compared to \$447.3 million used during the prior-year period. The decline in cash usage from operations in the current period compared to the year-ago period was due to current period income, and improved working capital management, including improvements in inventory turns and accounts receivable days outstanding.

Cash used for investing activities during the first half of 1997 was \$140.4 million compared to \$97.0 million used in the year-ago period. The increase in cash usage was principally due to increased capital expenditures as a number of large-scale Clearpath enterprise servers were added to the Company's rental machine base.

Cash used for financing activities during the first half of 1997 was \$214.0 million compared to cash provided of \$617.8 million in 1996. In the current period, the Company redeemed all \$150.0 million of its Series B and C Cumulative Convertible Preferred Stock. The year-ago period includes proceeds of \$700.9 million for issuances of debt. Dividends paid on preferred stock were \$59.8 million in the first half of 1997 compared to \$60.4 million in the first half of 1996.

At June 30, 1997, total debt was \$2.3 billion, a slight decrease from December 31, 1996. In June 1997, the Company entered into a two-year \$200 million revolving credit facility replacing the prior one-year facility. The facility includes certain financial tests that must be met as conditions to a borrowing and provides that no loans may be outstanding for twenty consecutive days in each quarter. The facility may not be used to refinance other debt. The amount the Company may borrow at any given time is dependent upon the amount of certain of its accounts receivable and inventory. As of June 30, 1997, there were no borrowings outstanding under the facility and the entire \$200 million was available for borrowings.

Page 9

Item 2. Management's Discussion and Analysis of Financial

Condition and Results of Operations (Cont'd).

The Company has on file with the Securities and Exchange Commission an effective registration statement covering \$500 million of debt or equity securities which enables the Company to be prepared for future market opportunities. In addition, the Company may, from time to time, redeem or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions, and other factors.

At June 30, 1997, the Company had deferred tax assets in excess of deferred tax liabilities of \$1,425 million. For the reasons cited below, management determined that it is more likely than not that \$1,009 million of such assets will be realized, therefore resulting in a valuation allowance of \$416 million.

The Company evaluates quarterly the realizability of its net 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 forecast of future taxable income, which is adjusted by applying probability factors, and available tax planning strategies that could be implemented to realize deferred tax assets. The combination of these factors is expected to be sufficient to realize the entire amount of net deferred tax assets. Approximately \$2.9 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets.

The Company's net deferred tax assets include substantial amounts of net operating loss and tax credit carryforwards. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. See "Factors That May Affect Future Results" below.

Stockholders' equity decreased \$65.6 million during the six months ended June 30, 1997 principally reflecting translation adjustments of \$71.5 million and preferred dividends declared of \$59.8 million, offset in part by net income of \$61.2 million.

Factors That May Affect Future Results

From time to time, the Company provides information containing "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995. 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. These include, but are not limited to, the following: the impact of continued competitive pressures and volatility in the information technology and services industry on revenues, pricing and margins; rapid changes in technology, technology standards and product life cycles; the Company's ability to design, develop, introduce, deliver or obtain new products and services on a timely and cost-effective basis; the Company's ability to effectively manage the business mix shift away

Page 10

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Cont'd).

from traditional high-margin product and services offerings; the Company's ability to profitably bid and perform services contracts, particularly large, fixed-price, multi-year systems integration contracts; the Company's reliance on third-party alliances, subcontractors, suppliers and distribution channels; the risks of doing business internationally, including foreign currency exchange rate fluctuations, changes in political or economic conditions, trade protection measures and import or export licensing requirements; the Company's cost of and success in attracting and retaining highly skilled people; and natural disasters or changes in general economic and business conditions.

Page 11

art II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

- (a) The Company's 1997 Annual Meeting of Stockholders (the "Annual Meeting") was held on April 24, 1997 in Philadelphia, Pennsylvania.
- (c) The following matters were voted upon at the Annual Meeting and received the following votes:
1. Election of Directors as follows:  
  
Gail D. Fosler -- 121,503,768 votes for; 32,470,993 votes withheld  
  
Melvin R. Goodes -- 121,338,295 votes for; 32,636,466 votes withheld  
  
Edwin A. Huston -- 121,474,372 votes for; 32,500,389 votes withheld  
  
Robert McClements, Jr. -- 121,353,373 votes for; 32,621,388 votes withheld
  2. A proposal to ratify the selection of the Company's independent auditors for 1997 -- 139,158,378 votes for; 5,603,483 votes against; 9,212,900 abstentions
  3. A stockholder proposal concerning declassification of the Board of Directors -- 63,489,166 votes for; 36,484,130 votes against; 3,897,786 abstentions; 50,103,679 broker non-votes
  4. A stockholder proposal concerning a split-up of the Company -- 38,115,355 votes for; 61,648,988 votes against; 3,725,592 abstentions; 50,484,826 broker non-votes

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index

(b) Reports on Form 8-K

During the quarter ended June 30, 1997, the Company filed no Current Reports on Form 8-K.

SIGNATURE

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.

Date: August 14, 1997

UNISYS CORPORATION  
By: /s/ Robert H. Brust

Robert H. Brust  
Senior Vice President and



Chief Financial Officer  
(Principal Financial Officer)

By: /s/Janet M. Brutschea Haugen

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Janet M. Brutschea Haugen  
Vice President and Controller  
(Chief Accounting Officer)

EXHIBIT INDEX

Exhibit Number -----	Description -----
10.1	Unisys Corporation Director Stock Unit Plan, as amended and restated effective May 22, 1997
10.2	Unisys Corporation Elected Officer Pension Plan, as amended through May 22, 1997
10.3	Unisys Corporation Supplemental Executive Retirement Income Plan, as amended through May 22, 1997
10.4	Deferred Compensation Plan for Executives of Unisys Corporation, as amended and restated effective May 22, 1997
10.5	Deferred Compensation Plan for Directors of Unisys Corporation, as amended and restated effective May 22, 1997
11.1	Statement of Computation of Earnings Per Share for the six months ended June 30, 1997 and 1996
11.2	Statement of Computation of Earnings Per Share for the three months ended June 30, 1997 and 1996
12	Statement of Computation of Ratio of Earnings to Fixed Charges
27	Financial Data Schedule

UNISYS CORPORATION  
DIRECTOR STOCK UNIT PLAN

1. Purpose. The purpose of the Unisys Corporation Director Stock Unit Plan (the "Plan") is to provide a vehicle through which all or a portion of the remuneration paid to Directors of Unisys Corporation (the "Corporation") who are not employees of the Corporation may be paid in a form which (1) more closely aligns directors' and stockholders' interests and (ii) permits Directors to defer recognition of income until termination of service with the Corporation.

2. Effective Date. The Board of Directors (the "Board") approved the Plan on November 21, 1991. The Plan has been amended and restated from time to time since its original adoption and the effective date of this amended and restated Plan is May 22, 1997.

3. Definitions.

(A) "Account" means, for any Director, the memorandum account established for the Director under Section 6.

(B) "Beneficiary" means the person or persons designated from time to time in writing by a participating Director to receive payments after the death of such Director or, in the absence of any such designation or in the event that such designated person or persons shall predecease such Director, his/her estate.

(C) "Board" shall mean the Board of Directors of the Corporation.

(D) "Change in Control" shall have the same meaning as is ascribed to that term under the 1990 Long-Term Incentive Plan, or any successor stock option plan.

(E) "Committee" means the Compensation and Organization Committee of the Board.

(F) "Compensation" includes remuneration (other than that paid in accordance with Section 4(B) hereof) for services as a Director, including Directors' retainer fees ("Retainer Fees") and Board and Committee meeting fees ("Meeting Fees").

(G) "Compensation Payment Date" means, with respect to a Retainer Fee, the first business day of the month for which such monthly Retainer Fee or Meeting Fee is due and payable or such other date as may be designated by the Board or Committee from time to time as the payment date for Retainer Fees or Meeting Fees. If Unisys Common Stock is not traded on such date, the Compensation Payment Date shall be the next preceding trading day.

(H) "Corporation" means Unisys Corporation.

(I) "Deferred Compensation" means the amount the Director elects to defer pursuant to Section 4(A) hereof.

(J) "Director" means a member of the Board who is not an employee of the Corporation.

(K) "Fair Market Value" means, on any date, the closing sales price of a share of Unisys Common Stock as reported on the Composite Tape for New York Stock Exchange Companies.

(L) "Stock Units" means Unisys common stock-equivalent units, which may be awarded pursuant to the Plan as Elective or Non-elective Stock Units. Stock Units also include Frozen Stock Units held under the Directors Deferred Compensation Plan and transferred to this Plan effective July 25, 1996.

(M) "Stock Unit Award Value" means the dollar amount of the Retainer Fee or Meeting Fee, as established by the Board from time to time, payable on a Compensation Payment Date.

(N) "Valuation Date" shall mean the last business day of a calendar month.

4. Crediting of Stock Units.

(A) Elective Stock Units. Prior to or during any calendar year, a Director may elect (i) to defer all or a portion of his or her cash Compensation that would be paid to him for services rendered during the following calendar year or for the remainder of the current calendar year, as applicable, and (ii) to be credited in lieu of such amount with Stock Units.

(B) Non-Elective Stock Unit Awards. On the Compensation Payment Date, each Director's Account shall be credited with Stock Units equal to the Stock Unit Award Value. The Board shall have the discretion to make additional Stock Unit awards at such times and in such amounts as it deems appropriate.

(C) Amount Credited. The number of Stock Units to be credited to a Director's Account shall be the quotient of (a) divided by (b) where (a) equals the Deferred Compensation or Stock Unit Award Value, as applicable, and (b) equals the Fair Market Value on the Compensation Payment Date.

5. Elections.

(A) A Director's election shall be executed in writing on a form furnished by the Secretary of the Corporation on or before the date that is (I) no later than December 31 of the year preceding the calendar year to which the election applies or (II) at least three months and one day before the date on which the Retainer Fee or Meeting Fee to be deferred, absent deferral, would be paid to the Director, provided, however, that an individual who becomes a Director after January 1 of a calendar year may make an Election with respect to Compensation that has not been paid and, absent deferral, would be paid to him or her during the remainder of the calendar year in which he or she has become a Director, by executing the required written election on or before the date that is 30 days after the date on which he or she becomes a Director. The election must specify that the Director desires to be credited Stock Units in lieu of receiving his/her Compensation in cash.

(B) An election, once made, shall be irrevocable with respect to Compensation payable for the calendar year or years to which it applies.

(C) An election must specify either a percentage or a certain dollar amount of the Compensation to be deferred under the Plan.

(D) An election must specify whether the Stock Units will be paid in cash or in common stock of the Corporation, provided, however, that no election to be paid Stock Units in the form of stock shall become effective until November 1, 1996.

(E) An election shall specify the date on which payment of the amount deferred is to commence, subject to Sections 8 and 9 hereof, and may specify that such payment is to commence as of:

(1) the Director's termination of service as a member of the Board (including as a result of disability); or

(2) a specific date (which may be determined by reference to the Director's termination of service) that is at least five years after the date on which the initial amounts to be deferred, absent deferral, would be paid to the Director.

(F) The Director must specify the manner in which payment of his or her Account is to be made and may specify that such payment is to be made either in a single sum or in annual installments.

(G) Notwithstanding the foregoing, a Director may not elect a time of benefit commencement and/or a form of payment to the extent that such an election would cause any payments to be made after the March 31 first following the date that is 20 years after the date of the Director's termination of service.

(H) Deferrals of a Director's Compensation shall be credited to the Plan at the time at which the Compensation, absent deferral, would otherwise be payable to the Director.

(I) Unless the Election form specifically provides otherwise, an Election shall expire as of the last day of the calendar year that includes the first day on which any compensation, absent deferral, would be paid to the Director.

(J) Additional payment elections with respect to Non-Elective Stock Unit Awards may be provided if deemed necessary and appropriate by the Committee.

6. Memorandum Account. The Corporation shall establish on its books a memorandum account for each Director denoted as the Director's Corporation Stock Units Account. Stock Units, dividends and other adjustments shall be credited to the account and payments made to the Director or Beneficiary shall be debited to the account. No assets shall be segregated or earmarked in respect of any amounts credited to the Account and no Director shall have any right to assign, transfer, pledge or hypothecate his or her interest or any portion thereof in his or her Account. The Plan and the crediting of Accounts hereunder shall not constitute a trust and shall be merely for the purpose of recording an unsecured contractual obligation.

7. Dividends and Other Adjustments. If the Corporation shall issue a stock dividend on the common stock, stock dividend equivalents shall be credited to the Account, as of the dividend payment date, as Stock Units in the same amount as the stock dividends to which the Director would have been entitled if the Stock Units were shares of common stock. Cash dividends, if any, shall be credited to the Account, as of the dividend payment date, in the form of Stock Units determined in the manner set forth in Section 4(C) hereof based on the Fair Market Value of the Common Stock on the dividend payment date. The Account shall be appropriately adjusted to reflect splits, reverse splits, or comparable changes to the Corporation's common stock.

8. Distribution of Accounts.

(A) Payment Election. Except as otherwise provided in Section 9, payment of an Account shall commence as of the Valuation Date next following the date or dates specified in the Election or Elections or (where applicable) the Revised Election or Elections; provided, however, that where the Election or Elections or (where applicable) the Revised Election or Elections specify that payments with respect to an Account are to commence as of a specified date or specified dates not determined by reference to the Director's termination of service and the Director terminates service prior to such date or dates, payment of the portion of the Director's Account that was to commence on such date or dates shall commence as of the Valuation Date next following the Director's termination of service, but in the same form specified in the Director's Election or Elections or (where applicable) the Revised Election or Elections.

(1) All payments shall be made in the form or forms specified in the Election or Elections or (where applicable) the Revised Election or Elections.

(2) To the extent a Director has not specified the form or time of payment of all or a part of his or her Account, payment of the amounts not specified will be made in a single sum as soon as administratively practicable, but within 90 days, after the first Valuation Date following the Director's termination of service as a Director.

(3) Where a Director has elected payment in the form of annual installments, each installment payment after the initial installment payment shall be made on or about March 31 of each year following the year in which the first installment was paid. With respect to each Election made by a Director, the amount of each annual installment payment to be made to the Director shall be determined by dividing the portion of the Director's Account covered by such Election as of the latest Valuation Date preceding the date of payment by the number of installments remaining to be paid under such Election.

(4) Notwithstanding any election made by a Director, any portion of a Director's Account that has not been paid to the Director as of the date of his or her death shall be paid to the Director's Beneficiary in a single sum as soon as administratively practicable, but within 90 days following the Valuation Date on which the Corporation receives notification of the Director's death.

(B) Revised Election.

(1) Pursuant to a Revised Election, a Director may specify:

(I) a date for the commencement of the payment of the Director's Account that is after the date specified in the Director's Election; and/or

(II) a form of payment that calls for a greater number of annual installment payments than that specified in the Director's Election, or a number of annual installment payments where the Director specified a single sum payment in his or her Election.

(III) Notwithstanding the foregoing, a Director may not elect a time of benefit commencement and/or a form of payment to the extent that such an election would cause any payments to be made after the March 31 first following the date that is 20 years after the date of the Director's termination of service as a Director.

(2) If a Participant has made a Revised Election with respect to amounts the payment of which has been deferred to a certain date, the Participant may not thereafter make another Revised Election with respect to amounts the payment of which, as of the date on which such Revised Election is made and before giving effect to the Revised Election, has been deferred to the same date.

(3) To be effective, a Revised Election must be:

(I) made in writing by the Director on a form furnished for such purpose by the Secretary of the Corporation;

(II) submitted to the Secretary of the Corporation on or before the date that is three months and one day before the date on which the portion of the Director's Account that is the subject of the Revised Election would, absent the Revised Election, first become payable; and

(III) approved by the Secretary of the Corporation. A Revised Election will be deemed to have been approved by the Secretary of the Corporation if it is not disapproved by the Secretary of the Corporation within ten days of the date on which it is received.

(C) Valuation of Account. In determining the amount to be paid upon termination of service, the cash value of a Director's Account shall equal the product of the number of Stock Units credited to the Account multiplied by the Fair Market Value as of the applicable Valuation Date. The value of Stock Units payable in stock shall equal shares of Unisys Common Stock equal to the number of whole Stock Units. The value of fractional Stock Units shall be paid in cash. The amount of each annual installment payment shall be determined by dividing the value determined in according with the preceding sentence as of the date of the installment payment by the number of installments remaining to be paid.

(D) No Early Withdrawals. No early withdrawal of a Director's Account shall be permitted. Except as provided in Section 9 hereof or as provided in an Election or Revised Election, distribution of a Director's Account may be made only upon termination of service as a Director.

9. Accelerated Payment.

(A) Change in Control.

(1) Notwithstanding any other provision of the Plan to the contrary, in the event of a "change in control," each Director may elect to receive a single sum payment of all or any portion of his or her Stock Unit Account balance. Such election shall only be effective if delivered to the Secretary of the Corporation within the ninety-day period immediately following the date of the occurrence of the change in control.

(2) If an election is timely made, the Director (or Beneficiary) will be entitled to receive, as soon as practicable after the expiration of the ninety-day period, an amount equal to (a) the full

value or any portion thereof of the Stock Unit Account minus (b) an early withdrawal penalty equal to 8% of the total value of (a). The Committee, upon advice of counsel, may modify the early withdrawal penalty described above in any way it deems appropriate and consistent with the purposes of the Plan.

(3) If litigation is brought by the Director or the Beneficiary after a change in control to enforce or interpret any provision of the Plan, the Corporation to the extent permitted by applicable law shall reimburse the Director (or Beneficiary) for the reasonable fees and disbursements of counsel incurred in such litigation.

(B) Change in Circumstances. Notwithstanding any other provision of this Plan to the contrary, the Committee in its sole discretion may accelerate the payment of Stock Units Accounts to all or any group of similarly situated Directors or Beneficiaries, whether before or after the Director's termination of service, in response to changes in the tax laws or accounting principles.

10. Amendment and Termination. The Board may modify or amend, in whole or in part, any or all of the provisions of the Plan, or suspend or terminate it entirely; provided, however, that any such modification, amendment, suspension or termination may not, without the participating Director's consent, adversely affect any amount credited to his/her Account for any period prior to the effective date of such modification, amendment, suspension or termination. The Plan shall remain in effect until terminated pursuant to this provision.

11. Administration. The Plan shall be administered by the Committee. Any decision made or action taken by the Committee arising out of or in connection with the construction, administration, interpretation, or effect of the Plan shall be within the absolute discretion of the Committee and shall be conclusive and binding on all parties.

12. Expenses and Taxes. All expenses and costs in connection with the operation of this Plan shall be borne by the Corporation. The Corporation shall have the right to deduct from any payment to be made pursuant to this Plan any federal, state or local taxes required by law to be withheld.

13. Governing Law. The Plan shall be construed and its provisions enforced and administered in accordance with the laws of the Commonwealth of Pennsylvania except as such laws may be superseded by any federal law.

14. SEC Rule 16b. The Plan is intended to comply with SEC Rule 16b-3 as adopted by the Securities and Exchange Commission effective November 1, 1996, and as amended thereafter, and the Committee is authorized to interpret the Plan, modify the Plan and/or adopt rules pursuant to the Plan in order to comply with Rule 16b-3 or such other exemptions as may be applicable. Specifically, the Committee may delay payment of accounts which have been deferred or credited for a period of less than six months as of the payment date.

UNISYS CORPORATION  
ELECTED OFFICER PENSION PLAN  
EFFECTIVE JUNE 1, 1988  
(As Amended through May 22, 1997)

ARTICLE I

PURPOSE

1.01 The Unisys Corporation Elected Officer Pension Plan (the "Plan") has been adopted by Unisys Corporation (the "Company") to provide a minimum level of retirement benefits for elected Officers (as defined in Section 2.12 below) of the Company. The Plan is effective June 1, 1988 and applies to any elected Officer or other eligible employee of the Company who terminates employment on or after that date. This document is a restatement which includes all amendments made through January 23, 1997. Prior to June 1, 1988, elected Officers of the Company were provided executive pension benefits under the Unisys Corporation Supplemental Executive Retirement Income Plan - Part IV or the Sperry Corporation Executive Pension Plan. Officers who terminated employment prior to June 1, 1988 will receive executive pension benefits, if any, under the terms of the prior plan in effect on their termination date.

ARTICLE II

DEFINITIONS

- 2.01 "Board" shall mean the Board of Directors of Unisys Corporation.
- 2.02 "Bonus Plan" shall mean the Unisys Executive Bonus Plan, the Unisys Senior Manager Bonus Plan or any predecessor or successor annual bonus plan.
- 2.03 "Company" shall mean Unisys Corporation, a Delaware corporation.
- 2.04 "Company Plan" shall mean the Unisys Pension Plan.
- 2.05 "Committee" shall mean the Administrative Committee as appointed from time to time by the Board.
- 2.06 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- 2.07 "Credited Service" shall mean the Participant's Credited Service, as defined in Article IV.
- 2.08 "Disability" shall refer to a Participant who is determined by the Committee or its designee to be unable to perform, because of injury or sickness, each of the regular duties of the Participant's occupation for a period of up to 24 months. After 24 months, the Participant will continue to be considered Disabled if the Committee or its designee determines that the Participant cannot perform each of the regular duties of any gainful occupation for which he or she is fitted by training, education or experience.
- 2.09 "Effective Date" shall mean June 1, 1988.
- 2.10 "Final Average Compensation" shall mean the Participant's Final Average Compensation, as defined in the Company Plan, except that any annual bonus amount payable under the Bonus Plan and deferred by the Participant (or any salary amounts deferred under an arrangement approved by the Board) and any amounts excluded from consideration under the Company Plan due to the application of Section 401(a)(17) of the Code shall be included in the calculation of Final Average Compensation in the month in which such amounts were or would otherwise have been paid; provided, however, that no more than the most recent five annual bonus amounts (whether paid or deferred) shall be included in the calculation of Final Average Compensation.
- 2.11 "Employee" shall mean any person employed by Unisys Corporation or one of its subsidiaries.

- 2.12 "Officer" shall mean any officer of the Company elected by the Board, but excluding assistant officers, appointed officers or the general auditor.
- 2.13 "Part IV" shall mean Part IV of the Unisys Corporation Supplemental Executive Retirement Income Plan, as in effect immediately prior to the Effective Date.
- 2.14 "Participant" shall mean any person entitled to participate in this Plan under Article III.
- 2.15 "Plan" shall mean the Unisys Corporation Elected Officer Pension Plan, as set forth herein and as hereafter amended.
- 2.16 "Primary Social Security Benefit" shall mean the annualized amount calculated according to the rules for computing the primary social security benefit payable to a Participant upon attainment of Social Security Retirement Age under the Federal Social Security Act as in effect at the time the Participant retires. In the event that a Participant retires prior to attainment of eligibility for Social Security benefits, the Participant's Primary Social Security Benefit shall be deemed to be 80% of the Primary Social Security Benefit payable at Social Security Retirement Age. In the event the Participant retires after attainment of eligibility for Social Security benefits, but before Social Security Retirement Age, the Primary Social Security Benefit shall be deemed to be an amount prorated between the benefit payable at Social Security Retirement Age and 80% of such amount. For purposes of this calculation, it will be assumed that the Participant has no earnings for Social Security purposes beyond the date of retirement.
- 2.17 "Prior Plan(s)" shall mean Part IV and/or the Sperry Plan.
- 2.18 "Sperry Plan" shall mean the Sperry Corporation Executive Pension Plan, as in effect immediately prior to the Effective Date.
- 2.19 "Supplemental Plan" shall mean the Unisys Corporation Supplemental Executive Retirement Income Plan-Part I, as amended and restated effective April 1, 1988. Unless otherwise specified, capitalized words and phrases used in this Plan shall have the same meaning as such words or phrases when used in the Company Plan.
- 2.20 Change in Control means any of the following events:
- (a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2.20; or
  - (b) Individuals who, as of May 25, 1995, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election



contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

- (c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or
- (d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

- 2.21 "Date of an Insolvency" shall mean the date on which the Company (i) voluntarily files a petition under the United States Bankruptcy Code, (including a petition for Chapter 11 reorganization) or (ii) has filed involuntarily against it a petition under the United States Bankruptcy Code and an Order for Relief is entered thereon.

### ARTICLE III

#### ELIGIBILITY FOR PARTICIPATION

##### 3.01 Participation

- (a) Each Employee who is or becomes an Officer on or after the Effective Date shall become a participant in this Plan and shall have a vested right to a retirement benefit calculated in accordance with Article V on the earliest to occur of the following:
- (1) the date on which the Employee attains age 55 and completes 10 years of Credited Service, provided that the Employee is or becomes an Officer on or after such date; or
  - (2) the date on which occurs a Change in Control or the Date of an Insolvency, provided the Employee is an Officer on such date; or
  - (3) for an Employee who is an Officer on or after January 1, 1997, the date on which the Employee attains age 50 and completes 5 years of Credited Service, provided that the Employee continues to be an Officer as of such date and provided that such Employee is employed by the Company or an Affiliated Company on or after December 31,

1998; or

- (4) The date specified in a written agreement between a Participant and the Company, provided that for agreements entered into on and after May 22, 1997, such agreements must be approved by the Compensation and Organization Committee of the Board.
- (b) An Officer who is eligible under paragraph (a) above and who retires or terminates employment due to Disability or death, or a former Officer who was eligible under paragraph (a) above and retires from active employment with the Company or terminates employment with the Company due to death or Disability within twelve months of ceasing to be an Officer, shall be eligible, upon application, to receive the retirement and surviving spouse benefits provided in Article V below.
- (c) A former Officer who was eligible under paragraph (a) above and continues in active employment for more than twelve months after ceasing to be an Officer shall be eligible, upon application, to receive a vested annual retirement benefit calculated in accordance with Sections 5.01(a), 5.03, 5.05 and 5.06, utilizing as an offset the amount of benefits payable under the Company Plan and the Supplemental Plan calculated as if the Participant had elected a single life annuity form of benefit under the Company Plan, and such former Officer shall not be eligible for the survivor benefits described in Section 5.04. This Section 3.01(c) shall not apply after the occurrence of a Change in Control with respect to any individual who was an Officer on the date of the Change in Control.
- (d) Each Employee who was a participant in a Prior Plan, but who is not eligible to participate in this Plan, shall continue to have his or her rights to executive pension benefits determined under such Prior Plan.
- (e) Notwithstanding anything to the contrary in Section 3.01(a)(3), if an Employee who would otherwise become a participant on December 31, 1998 under Section 3.01(a)(3) is terminated by the Company without "cause" prior to December 31, 1998, then that employee will become a participant as of December 31, 1998 provided that Credited Service and Final Average Compensation will be determined as of the employee's termination date. For purposes of this Section 3.01(e), "cause" shall mean intentional dishonesty, gross neglect of the employee's duties, or the continued failure by the employee to perform his/her duties (provided that the Company has provided the employee with notice identifying the manner in which it reasonably believes that the employee has failed to adequately perform his/her duties, and the employee has failed to discontinue the inadequate performance within 30 days of receiving such notice). The determination of whether an employee was terminated without cause shall be made by the Committee and that determination shall be final and binding on all parties.

#### ARTICLE IV

##### CREDITED SERVICE

###### 4.01 Credited Service

Credited Service under this Plan shall be calculated on the basis of Credited Service as defined in the Company Plan for the following periods:

- (a) period of employment as an Officer; and
- (b) up to twelve months of active employment with the Company immediately following termination of Officer status, or, if longer, the number of months of a Company approved leave of absence due to Disability immediately following termination of Officer status; and

- (c) employment prior to becoming an Officer with the Company including a predecessor or an Affiliated Company or 50% Affiliated Company for the period of time such company was an Affiliated Company or 50% Affiliated Company. However, if a Participant receives Credited Service under the Company Plan for employment with a company before it became an Affiliated Company or 50% Affiliated Company, Credited Service shall include the period of employment with such company.

#### ARTICLE V

#### CALCULATION OF BENEFITS

##### 5.01 Amount of Benefits

- (a) Subject to the adjustments set forth in Sections 5.02 and 5.03, a Participant shall receive an annual retirement benefit payable at Normal Retirement Date equal to:
  - (1) 40% of the Participant's Final Average Compensation for the Participant's first 10 years of Credited Service, or, for a Participant who has less than 10 years of Credited Service, one-third of one percent of the Participant's Final Average Compensation for each month of Credited Service; plus
  - (2) 1% of the Participant's Final Average Compensation for each year of Credited Service in excess of 10 (but not in excess of 30) including proportional credit for a fraction of a year; minus
  - (3) 50% of the Participant's Primary Social Security Benefit.
- (b) The benefit payable from this Plan and described in paragraph (a) shall be a monthly benefit paid in the form of a single life annuity if the Participant is unmarried on the date that the Participant commences receipt of benefits, or in the form of a joint and 50% surviving spouse annuity if the Participant is married on the date the Participant commences receipt of benefits. The benefit payable to a Participant shall not be reduced or increased as a result of such payment in the surviving spouse benefit form or for any age difference between the Participant and spouse.

##### 5.02 Optional Forms of Benefit Payments

In lieu of the normal form of benefit payment described in Section 5.01(b), a Participant who is married at commencement of benefit payments may elect to receive the benefit payable from this Plan and described in Section 5.01(a) in either of the following optional forms:

- (a) a joint and 75% surviving spouse annuity which will provide the Participant with a reduced lifetime benefit equal to 95% of the benefit described in Section 5.01(a) and with a benefit equal to 75% of such reduced benefit payable to the Participant's surviving spouse for the spouse's life; or
- (b) a joint and 100% surviving spouse annuity which will provide the Participant with a reduced lifetime benefit equal to 90% of the benefit described in Section 5.01(a) and with a benefit equal to 100% of such reduced benefit payable to the Participant's surviving spouse for the spouse's life.

##### 5.03 Early Retirement Prior to Age 62

Benefits paid under this Plan shall be reduced by one-half of one percent (0.5%) for each calendar month by which the commencement of benefits precedes the first day of the month following the Participant's 62nd birthday.

##### 5.04 Death Benefits

- (a) In the event of the death of a Participant who, at the time

of death, is eligible under Section 3.01(b) above, and who:

- (1) has not commenced retirement benefits under this Plan; and
  - (2) who has a surviving spouse, such Participant's surviving spouse shall receive a survivor's benefit in the amount described in paragraph (b).
- (b) The amount payable under this paragraph shall be equal to the benefit the spouse would have received if the Participant:
- (1) had terminated employment on the earlier of the date of death or the date of the Participant's actual termination of employment; and
  - (2) had survived to the benefit commencement date described in subsection (c); and
  - (3) had begun to receive an immediate retirement benefit in the Normal Form under Section 5.01(b); and
  - (4) had died on the following day.
- (c) The benefit payable under this Section shall be paid to the surviving spouse in the form of a single life annuity and shall commence on the date on which the Surviving Spouse's Benefit under the Company Plan commences (or, if the Participant was not a participant in the Company Plan, the first day of any month elected by the surviving spouse).
- (d) No benefits shall be payable from this Plan to a surviving spouse (or any other beneficiary) of a Participant unless the form of benefit paid to the Participant provides for the payment of benefits upon the Participant's death or except as otherwise provided in this Section.

#### 5.05 Special Minimum Benefit Provisions

- (a) The value of the accrued benefit determined under this Article (but without regard to this Section 5.05) for a Participant who was a participant in a Prior Plan shall in no event be less than the value of the Participant's accrued benefit under the terms of such Prior Plan as of May 31, 1988, including early retirement reduction factors in effect under the Prior Plan on such date.
- (b) Notwithstanding anything in this Article to the contrary, any Participant who was a participant in a Prior Plan may elect to continue to have annual retirement benefits determined under the terms of such Prior Plan as in effect on May 31, 1988 provided that:
  - (1) such election shall expire as to an Participant who continues in employment beyond May 31, 1991, and
  - (2) for purpose of calculating a Participant's benefit under the Sperry Plan, the actuarial equivalent factors in converting the Participant's benefit to an optional form of payment shall be those factors in effect on March 31, 1988.
- (c) In the event that a Participant's benefit under the Company Plan is determined under the grandfather provision described in Section 4.5 of the Company Plan (as in effect April 1, 1988), such Participant may elect to have the normal retirement benefit otherwise determined under Section 5.01 determined under the benefit formula set forth in the Participant's Prior Plan.

#### 5.06 Benefit Offset

- (a) The retirement benefit determined under this Article and payable to a Participant or surviving spouse shall be reduced by any benefit payable under the Company Plan and the Supplemental

Plan, calculated in accordance with Section 6.01.

- (b) With respect to a Participant who is not a participant in the Company Plan, the retirement benefit payable to the Participant or surviving spouse shall be reduced by the amount of retirement pension payable under the plan of any Affiliated Company or 50% Affiliated Company, including any governmental plan retirement benefit or lump sum termination or similar entitlements, in effect at the time of the Participant's termination of employment.

## ARTICLE VI

### BENEFIT PAYMENTS

#### 6.01 Form of Benefit Payment

If a Participant should elect a form of benefit payment under the Company Plan (or such other plan or program, unless impracticable not to so elect) which is different than the form of benefit payment under this Plan, then for purposes of determining the offset under Section 5.06, the Participant shall be deemed to be in receipt of the amount of benefit payable as if the Participant had elected the Normal Form of Benefit under the Company Plan.

#### 6.02 Commencement of Benefits

Benefit payments to a Participant shall commence at the same time that benefit payments commence under the Company Plan. If a Participant is not a Participant in the Company Plan, the Participant will commence receipt of benefits under this Plan as of the first day of the calendar month following the Participant's termination of employment, unless the Committee, in its sole discretion, agrees to an alternative commencement date.

#### 6.03 Funding of Benefits

Benefits under this Plan shall not be funded and shall be paid out of the general assets of the Company. The Company shall not be required to segregate any funds for the Plan's Participants. Notwithstanding any provision in this Section 6.03 to the contrary, the Committee shall have the discretion but not the obligation to fund this Plan through a trust of the type described in Internal Revenue Service Private Letter Ruling 8502023.

#### 6.04 Forfeiture and Suspension of Benefits

- (a) Any benefit payable under this Plan shall be suspended for any period during which it is determined by the Committee that a Participant is engaged or employed as a business owner, employee or consultant in any activity which is in competition with any line of business of the Company existing as of the date of the Participant's termination of employment from the Company.
- (b) Additionally, any benefit payable under this Plan shall be forfeitable in the event it is found by the Committee that a Participant, either during or following termination of employment with the Company, willfully engaged in any activity which is determined by the Committee to be materially adverse or detrimental to the interests of the Company, including any activity which might reasonably be considered by the Committee to be of a nature warranting dismissal of an employee for cause. If the Committee so finds, it may suspend benefits to the Participant and, after furnishing notice to the Participant, may terminate benefits under this Plan. The Committee will consider in its deliberation relative to this provision any explanation or justification submitted to it in writing by the Participant within 60 days following the giving of such notice.
- (c) Except as heretofore provided for in this Section 6.04, the acceptance by a Participant of any benefit under this Plan shall constitute an agreement with the provisions of this Plan and a representation that he or she is not engaged or

employed in any activity serving as a basis for suspension or forfeiture of benefits hereunder. The Committee may require each Participant eligible for a benefit under this Plan to acknowledge in writing prior to the payment of such benefit that he or she will accept payment of benefits under this Plan only if there is no basis for such suspension or forfeiture.

## ARTICLE VII

### ADMINISTRATION

#### 7.01 Committee

The Plan shall be administered by the Committee, which shall administer the Plan in a manner consistent with the administration of the Company Plan, except that this Plan shall be administered as an unfunded plan which is not intended to meet the requirements of Section 401 of the Code.

#### 7.02 Claims Procedure

(a) In the event that the Committee denies, in whole or in part, a claim for benefits by a Participant or surviving spouse, the Committee shall furnish notice of the denial to the claimant, setting forth:

- (1) the specific reasons for the denial,
- (2) specific reference to the pertinent Plan provisions on which the denial is based,
- (3) a description of any additional information necessary for the claimant to perfect the claim and an explanation of why such information is necessary, and
- (4) appropriate information as to the steps to be taken if the claimant wishes to submit the claim for review.

Such notice shall be forwarded to the claimant within 90 days of the Committee's receipt of the claim; provided, however, that in special circumstances the Committee may extend the response period for up to an additional 90 days, in which event it shall notify the claimant in writing of the extension, and shall specify the reason or reasons for the extension.

(b) Within 60 days of receipt of a notice of claim denial, a claimant or the claimant's duly authorized representative may petition the Committee in writing for a full and fair review of the denial. The claimant or the claimant's duly authorized representative shall have the opportunity to review pertinent documents and to submit issues and comments in writing to the Committee. The Committee shall review the denial and shall communicate its decision and the reasons therefore to the claimant in writing within 60 days of receipt of the petition; provided, however, that in special circumstances the Committee may extend the response period for up to an additional 60 days, in which event it shall notify the claimant in writing prior to the commencement of the extension.

#### 7.03 Plan Amendment and Termination

The Company expects to continue this Plan indefinitely, but reserves the right to amend or discontinue it if, in its sole judgment, such a change is deemed necessary or desirable. However, if the Company should amend or discontinue this Plan, the Company shall be liable for any benefits accrued under this Plan (determined on the basis of each Employee's presumed termination of employment as of the date of such amendment or discontinuance) as of the date of such action. Any change to the Plan which adversely affects a Participant's or Beneficiary's rights to benefits and/or the amount, form and manner in which benefits are accrued, vested and/or paid shall not affect the Participant's or Beneficiary's benefits accrued up to the date of the change. Changes which

adversely affect a Participant's or Beneficiary's rights under the Plan may only take effect on the adoption date of the change and on a going forward basis.

7.04 No Employment Rights

Neither the action of the Company in establishing the Plan, nor any provisions of the Plan, nor any action taken by the Company or by the Committee shall be construed as giving to any employee of the Company or any of its subsidiaries the right to be retained in its employ, or any right to payment except to the extent of the benefits provided by the Plan.

7.05 Severability of Provisions

If any provision of this Plan is determined to be void by any court of competent jurisdiction, the Plan shall continue to operate and, for the purposes of the jurisdiction of that court only, shall be deemed not to include the provision determined to be void.

7.06 Non-Assignability

Except as required by applicable law, no benefits under this Plan shall be subject in any manner to alienation, anticipation, sale, transfer, assignment, pledge, or encumbrance.

7.07 Withholding

The Company shall have the right to withhold any and all state, local, and Federal taxes which may be withheld in accordance with applicable law.

7.08 Governing Law

Except to the extent superseded by ERISA, all questions pertaining to the validity, construction, and operation of the Plan shall be determined in accordance with the laws of the Commonwealth of Pennsylvania.

UNISYS CORPORATION  
SUPPLEMENTAL EXECUTIVE RETIREMENT INCOME PLAN AS AMENDED AND RESTATED  
EFFECTIVE APRIL 11, 1988  
(As Amended Through May 22, 1997)

PREAMBLE

The Unisys Corporation Supplemental Executive Retirement Income Plan, as amended and restated effective April 1, 1988 (the "Supplemental Plan"), was adopted by Unisys Corporation (the "Company") to provide for the payment of supplemental pension benefits to certain employees who retire under the terms of the Unisys Pension Plan (the "Company Plan"). Capitalized terms which are used and not otherwise defined in this Supplemental Plan have the same definition assigned to them in the Company Plan.

The Supplemental Plan was originally adopted by Burroughs Corporation, effective January 1, 1976, and prior to April 1, 1988, was known as the Burroughs Corporation Supplemental Executive Retirement Income Plan (the "Burroughs Plan"). The Burroughs Plan provided for the payment of supplemental pension benefits to employees of the Company who participated in the Burroughs Employees' Retirement Income Plan. Prior to April 1, 1988, the Company also maintained the Sperry Excess Benefit Plan (the "Sperry Plan") which provided for the payment of supplemental pension benefits to employees of the Company who participated in Part A of the Sperry Retirement Program. (The Burroughs Plan and Sperry Plan will be collectively referred to hereinafter as the "Prior Plan(s).") Effective April 1, 1988, supplemental pension benefits will be provided to employees who participate in the Unisys Pension Plan pursuant to the terms of the Supplemental Plan.

The provisions of Part IV of the Supplemental Plan (effective from April 1, 1988 through May 31, 1988) have been amended and restated effective June 1, 1988 and Part IV has been renamed the Unisys Corporation Elected Officers' Pension Plan. The provisions of that Plan are set forth in a separate plan document.

Purpose

The Supplemental Plan (which consolidates the provisions of Parts I and II of the Burroughs Plan) provides for the payment of pension benefits that would have been paid under the Company Plan but for the benefit limitations imposed by the Internal Revenue Code (the "Code"). The Supplemental Plan also provides for the payment of pension benefits that would have been paid under the Company Plan if deferred salary and annual bonuses had been included in the calculation of the employee's Compensation.

Effective Date

The Effective Date of the Supplemental Plan, as amended and restated, is April 1, 1988.

Any former Employee who has retired or terminated employment before April 1, 1988 shall receive no additional rights as a result of this amended and restated Supplemental Plan, but shall have his right to benefits, if any, determined in accordance with the terms of the Prior Plan in effect on the date of his retirement or other termination of employment.

ARTICLE I - SUPPLEMENTAL BENEFITS

1.1 Eligibility

(a) Each Employee who is a Participant in the Company Plan and whose pension benefits payable under the Company Plan are limited by the compensation or benefit limitations set forth in Sections 401(a)(17) or 415 of the Code shall be eligible for the benefits described in Section 1.2(a)(1) hereunder.

(b) Each Employee who is a Participant in the Company Plan and who has elected to defer bonus payments payable under the Unisys Senior Manager Bonus Plan or the Unisys Executive Bonus Plan (or under any predecessor or successor annual bonus plan) or who has elected to defer salary under an arrangement approved by the Board of Directors of the Company, which deferred amounts would otherwise have been payable in the final 120 full consecutive months of active employment shall be eligible for the benefits described in Section 1.2(a)(2) hereunder.



(c) An Employee who terminates employment prior to earning a vested right in his accrued benefit under the Company Plan will not be eligible to receive the benefits provided hereunder.

## 1.2 Calculation of Supplemental Pension Benefit

(a) Subject to subsection (b), an eligible Employee or the Employee's Beneficiary, if applicable, shall be entitled to receive a supplemental pension benefit equal to the pension benefit that would have been paid to the Employee or Beneficiary under the terms of the Company Plan, calculated as if:

(1) the Company Plan were administered without regard to the special benefit limitations imposed under Sections 401(a)(17) or 415 of the Code; and

(2) any annual bonus or variable compensation amount payable under the Unisys Senior Manager Bonus Plan, the Unisys Executive Bonus Plan or the Unisys Executive Variable Compensation Plan (or any predecessor or successor annual bonus or variable compensation plan) and deferred by the Employee, and any salary amounts deferred under an arrangement approved by the Board of Directors of the Company, had been included in the Employee's Compensation in the month in which the Employee would have received the bonus or variable compensation amount or salary (but for the Employee's election to defer).

(b) The supplemental pension benefit calculated under Subsection (a) shall be reduced by any benefit payable under the Company Plan, calculated as if such benefit is payable in the same form as the benefit payable under the Supplemental Plan. The calculation will be made by utilizing methods and assumptions that the Committee deems to be reasonable.

(c) For purposes of Subsection (a)(2), the subsequent receipt of any deferred annual bonus amount or salary included in the Employee's Final Average Compensation under the Company Plan shall not be considered for purposes of benefit calculation hereunder.

## ARTICLE II - GENERAL PROVISIONS OF THE SUPPLEMENTAL PLAN

### 2.1 Survivor Benefits

The pre-retirement surviving spouse benefit provisions and the normal and optional forms of retirement income provisions which apply under the Company Plan shall also apply under this Supplemental Plan.

### 2.2 Forfeiture of Benefits

Any benefit payable under this Supplemental Plan shall be forfeitable in the event it is found by the Committee that a retired member hereunder, either during or following termination of employment with the Company, willfully engaged in any activity which is determined by the Committee to be materially adverse or detrimental to the interests of the Company, including any activity which might reasonably be considered by the Committee to be of a nature warranting dismissal of an employee for cause. If the Committee so finds, it may suspend benefits to such retired member and, after furnishing notice to the retired member, may terminate benefits under this Supplemental Plan. The Committee will consider in its deliberation relative to this provision any explanation or justification submitted to it in writing by the retired member within 60 days following the giving of such notice.

Except as heretofore provided for in this Section 2.2, the acceptance by a retired member of any benefit under this Supplemental Plan shall constitute an agreement with the provisions of this Supplemental Plan and a representation that he or she is not engaged or employed in any activity serving as a basis for suspension or forfeiture of benefits hereunder. The Committee may require each retired member eligible for a benefit under this Supplemental Plan to acknowledge in writing prior to payment of such benefit that he or she will accept payment of benefits under this Supplemental Plan only if there is no basis for such suspension or forfeiture.

### 2.3 Administration

This Supplemental Plan shall be administered by the committee (the "Committee") appointed by the Board of Directors to administer the Company Plan. The Committee shall administer this Supplemental Plan in a manner consistent with the administration of the Company Plan, except that this Supplemental Plan shall be administered as an unfunded plan which is not intended to meet the qualification requirements of Section 401 of the Internal Revenue Code. The Committee's decision in all matters involving the interpretation and application of this Supplemental Plan shall be final.

#### 2.4 Payment of Benefits

Payment of benefits under this Supplemental Plan shall be coincident with and in the same form as the payment of the limited benefit payments made to the employee or on his behalf to his beneficiaries under the Company Plan.

#### 2.5 Employees' Rights

An employee's rights, or the rights of an employee's beneficiary, under this Supplemental Plan, except as to eligibility for a vested benefit and except as specifically altered by the terms of this Supplemental Plan shall be the same as such person's rights under the Company Plan, except that such person shall not be entitled to the payment of any benefits under this Plan from the trust established under the Company Plan. Benefits under this Supplemental Plan shall be payable from the general assets of the Company.

#### 2.6 Amendments and Discontinuance

The Company expects to continue this Supplemental Plan indefinitely, but reserves the right to amend or discontinue it if, in its sole judgment, such a change is deemed necessary or desirable. However, if the Company should amend or discontinue this Supplemental Plan, the Company shall be liable for any benefits accrued under this Supplemental Plan as of the date of such action. Any change to the Plan which adversely affects a Participant's or Beneficiary's rights to benefits and/or the amount, form and manner in which benefits are accrued, vested and/or paid shall not affect the Participant's or Beneficiary's benefits accrued up to the date of the change. Changes which adversely affect the Participant's or Beneficiary's rights under the Plan may only take effect on the adoption date of the change and on a going forward basis.

DEFERRED COMPENSATION PLAN  
FOR EXECUTIVES OF UNISYS CORPORATION

Article I

Purpose & Authority

1.1 Purpose. The purpose of the Plan is to offer Eligible Executives the opportunity to defer receipt of a portion of their compensation from the Corporation, under terms advantageous to both the Eligible Executive and the Corporation.

1.2 Effective Date. The Board originally approved the Officers' Plan on January 29, 1982. The Plan has been amended and restated from time to time since its original adoption and this amended and restated version of the Plan is effective May 22, 1997.

1.3 Authority. Any decision made or action taken by the Corporation and any of its officers or employees involved in the administration of this Plan, or any member of the Board or the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be within the absolute discretion of all and each of them, as the case may be, and will be conclusive and binding on all parties. No member of the Board and no employee of the Corporation shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or, except in circumstances involving the member's or employee's bad faith, for anything done or omitted to be done by himself or herself.

Article II  
Definitions

2.1 "Account" means, for any Participant, the memorandum account established for the Participant under Section 4.1.

2.2 "Account Balance" means, for any Participant as of any date, the aggregate amount reflected in his or her Account.

2.3 "Beneficiary" means the person or persons designated from time to time in writing by a Participant to receive payments under the Plan after the death of such Participant or, in the absence of such designation or in the event that such designated person or persons predeceases the Participant, the Participant's estate.

2.4 "Board" means the Board of Directors of the Corporation.

2.5 "Committee" means the Compensation and Organization Committee of the Board.

2.6 "Corporation" means Unisys Corporation.

2.7 "Deferral Election" means an election by an Eligible Executive to defer a portion of his or her compensation from the Corporation under the Plan, as described in Section 3.1.

2.8 "Directors' Plan" means the Deferred Compensation Plan for Directors of Unisys Corporation.

2.9 "Eligible Executive" means, for any calendar year, an individual: (1) who is employed by the Corporation at Level 25 or above (or at Level P3 or above, if the individual is employed in the Information Services Division of the Corporation); (2) for whom the sum of (A) the individual's base salary from the Corporation and (B) 75 percent of the individual's Target EVC for the calendar year equals or exceeds the maximum amount of compensation that is permitted to be taken into account under section 401(a)(17) of the Internal Revenue Code during a plan year that begins in the calendar year; and (3) who is designated by the Vice President, Human Resources as an Eligible Executive.

2.10 "EVC" means, for any individual, the amount payable to such individual under the Unisys Executive Annual Variable Compensation Plan (or under any successor annual incentive plan of the Corporation)

or under any other similar annual incentive plan of the Corporation approved by the Vice President, Human Resources.

2.11 "Investment Measurement Option" means any of the hypothetical investment alternatives available for determining the additional amounts to be credited to a Participant's Account under Section 4.2. Effective January 1, 1997, the Investment Measurement Options available are all of the investment options available to eligible participants under the USP.

2.12 "Officers' Plan" means the Deferred Compensation Plan for Officers of Unisys Corporation, the predecessor of this Plan.

2.13 "Participant" means an Eligible Executive or former Eligible Executive who has made a Deferral Election and who has not received a distribution of his or her entire Account Balance.

2.14 "Plan" means the Deferred Compensation Plan for Executives of Unisys Corporation, as set forth herein and as amended from time to time.

2.15 "Revised Election" means an election made by a Participant, in accordance with Section 5.2, to change the date as of which payment of his or her Account Balance is to commence and/or the form in which such payment is to be made.

2.16 "Target EVC" means, for any individual, the amount that will be payable to such individual as EVC if the criteria applicable to such individual are satisfied.

2.17 "USP" means the Unisys Savings Plan.

2.18 "Valuation Date" means the last business day of each calendar month.

### Article III Deferral of Compensation

#### 3.1 Deferral Election.

(a) During any calendar year, each individual who is an Eligible Executive for such calendar year may, by properly completing a Deferral Election, elect to defer:

(1) all or a portion of his or her salary that, absent deferral, would be paid to him or her for services rendered during the remainder of the current calendar year and/or the next following calendar year; and/or

(2) all or a portion of his or her EVC that, absent deferral, would be paid to him/her in the next following calendar year.

(b) To be effective, a Deferral Election with respect to EVC must be made in writing by the Eligible Executive on a form furnished by the Corporate Executive Compensation Department on or before September 30 of the calendar year immediately preceding the calendar year in which the amounts to be deferred, absent deferral, would be paid to the Eligible Executive, and a Deferral Election with respect to salary must be made in writing by the Eligible Executive on a form furnished by the Corporate Executive Compensation Department on or before the date that is at least three months and one day before the date on which the amounts to be deferred, absent deferral, would be paid to the Eligible Executive provided, however, that an individual who becomes an Eligible Executive after the effective date of the Plan (as set forth in Section 1.2) may make a Deferral Election with respect to salary that, absent deferral, would be paid to him or her during the remainder of the calendar year in which he or she becomes an Eligible Executive and with respect to all or a portion of the EVC that, absent deferral, would be paid to him or her in the next following calendar year by filing the required written election with the Corporate Executive Compensation Department on or before the date that is 30 days after the date on which he or she becomes an Eligible Executive.

(c) Once made, a Deferral Election shall become effective upon approval by the Corporate Executive Compensation Department and is thereafter irrevocable, except to the extent otherwise provided in

Section 5.2. A Deferral Election will be deemed to have been approved by the Corporate Executive Compensation Department if it is not disapproved by the Corporate Executive Compensation Department within ten days of the date on which it is received.

(d) An Eligible Executive's Deferral Election must specify either a percentage or a certain dollar amount of his or her salary and/or EVC to be deferred under the Plan. In addition, the Deferral Election must specify the date on which payment of the Eligible Executive's Account Balance is to commence and the manner in which such payment is to be made.

(1) The Eligible Executive must specify the date as of which payment of his or her Account Balance is to commence and may specify that such payment is to commence as of:

(A) his or her termination of active employment (including as a result of retirement or disability) with the Corporation; or

(B) a specific date (which may be determined by reference to the Eligible Executive's retirement or other termination of employment) that is at least five years after the date on which the amounts to be deferred, absent deferral, would be paid to the Eligible Executive.

(2) The Eligible Executive must specify the manner in which payment of his or her Account Balance is to be made and may specify that such payment is to be made either in a single sum or in annual installments.

(3) Notwithstanding the foregoing, an Eligible Executive may not elect a time of benefit commencement and/or a form of payment to the extent that such an election would cause any payments to be made after the March 31 first following the date that is 20 years after the date of the Eligible Executive's retirement or other termination of employment.

(e) Deferrals of an Eligible Executive's salary shall be credited to the Plan ratably throughout the year (or, where applicable, the portion of the year) to which the Deferral Election applies. Deferrals of an Eligible Executive's EVC shall be credited at the time at which the EVC absent deferral, would be payable to the Participant.

(f) Unless the Deferral Election form specifically provides otherwise, a Deferral Election with respect to salary shall expire as of the last day of the calendar year that includes the first day on which any amount, absent deferral, would be paid to the Eligible Executive and a Deferral Election with respect to EVC shall expire as of the date on which the EVC that is the subject of the Deferral Election is credited under the Plan.

3.2 Payment of FICA and Other Taxes. To the extent that, as a result of a Deferral Election, the compensation currently payable to an Eligible Executive during any period is insufficient to permit an amount equal to the FICA and other taxes that are payable by the Eligible Executive, and required to be withheld by the Corporation, during that period to be withheld from such current compensation, the Eligible Executive shall be notified by the Corporation and shall provide the Corporation with a check in an amount equal to the difference between the amount of FICA and other taxes payable by the Eligible Executive during the period and the amount of compensation otherwise currently payable to the Eligible Executive during the period. If the Eligible Executive does not provide such check within the time period specified by the Corporation, the Eligible Executive's Account Balance shall be reduced by an amount equal to the sum of (a) the difference between the amount of FICA and other taxes payable by the Eligible Executive, and required to be withheld by the Corporation, during the period and the amount of compensation otherwise currently payable to the Eligible Executive during the period and (b) any additional Federal, state and local income taxes payable by the Eligible Executive with respect to the reduction in his or her Account Balance made pursuant to this Section 3.2.

4.1 Memorandum Account. The Corporation shall establish on its books an Account for each Participant. Amounts deferred by a Participant pursuant to a Deferral Election shall be credited to the Participant's Account on the date on which the deferred amounts, absent deferral, would have been paid to the Participant. In addition, as of each Valuation Date, incremental amounts determined in accordance with Section 4.2 will be credited or debited to each Participant's Account. Any payments made to or on behalf of the Participant and for his or her Beneficiary shall be debited from the Account. No assets shall be segregated or earmarked in respect to any Account and no Participant or Beneficiary shall have any right to assign, transfer, pledge or hypothecate his or her interest or any portion thereof in his or her Account. The Plan and the crediting of Accounts hereunder shall not constitute a trust or a funded arrangement of any sort and shall be merely for the purpose of recording an unsecured contractual obligation of the Corporation.

4.2 Investment Measurement Options.

(a) Subject to the provisions of this Section 4.2, a Participant's Account shall be credited or debited with amounts equal to the amounts that would be earned or lost with respect to the Participant's Account Balance if amounts equal to that Account Balance were actually invested in the Investment Measurement Options in the manner specified by the Participant.

(b) Each Eligible Executive may elect, at the same time as a Deferral Election is made, to have one or more of the Investment Measurement Options applied to current deferrals. Such election with respect to current deferrals may be changed as of the first day of any month, provided that notice of such election is made prior to the first day of that month with the Corporate Executive Compensation Department or its designee.

(c) Subject to the restrictions described in Subsection (d), a Participant may elect to change the manner in which Investment Measurement Options apply to existing Account Balances. Such an election will be effective as of the first day of the month following the date on which an election is made with the Corporate Executive Compensation Department or its designee.

(d) The following rules apply to Investment Measurement Options.

(1) The percentage of a Participant's current deferrals and/or Account Balance to which a specified Investment Measurement Option is to be applied must be a multiple of five percent.

(2) To the extent that a Participant has not specified an Investment Measurement Option to apply to all or a portion of his or her current deferrals and/or Account Balance, the Insurance Contract Fund shall be deemed to be the applicable Investment Measurement Option.

(3) The chosen Investment Measurement Option or Options shall apply to deferred amounts on and after the date on which such amounts, absent deferral, would have been paid to the Participant.

(e) The Committee shall have the authority to modify the rules and restrictions relating to Investment Measurement Options (including the authority to change such Investment Measurement Options prospectively) as it, in its discretion, deems necessary and in accord with the investment practices in place under the USP.

Article V  
Payment of Deferred Amounts

5.1 Form and Time of Payment. The benefits to which a Participant or a Beneficiary may be entitled under the Plan shall be paid in accordance with this Section 5.1.

(a) All payments under the Plan shall be made in cash.

(b) Except as otherwise provided in Sections 5.3 and 5.4,

payment of a Participant's Account Balance shall commence as of the Valuation Date next following the date or dates specified in the Participant's Deferral Election or Elections or (where applicable) the Participant's Revised Election or Elections; provided, however, that where the Participant's Deferral Election or Elections or (where applicable) the Participant's Revised Election or Elections specify that payments with respect to a Participant's Account Balance are to commence as of a specified date or specified dates not determined by reference to the Participant's retirement or other termination of employment and the Participant terminates employment with the Corporation prior to such date or dates, payment of the portion of the Participant's Account Balance that was deferred to such date or dates shall commence as of the Valuation Date next following the Participant's termination of employment, but in the same form specified in the Participant's Deferral Election or Elections or (where applicable) the Participant's Revised Election or Elections.

(c) All payments shall be made in the form or forms specified in the Participant's Deferral Election or Elections or (where applicable) the Participant's Revised Election or Elections.

(d) To the extent a Participant has not specified the form or time of payment of his or her Account Balance, payment will be made in a single sum as soon as administratively practicable, but within 90 days, after the first Valuation Date following the Participant's termination of employment with the Corporation.

(e) Where a Participant has elected payment in the form of annual installments, each installment payment after the initial installment payment shall be made on or about March 31 of each year following the year in which the first installment was paid. With respect to each Deferral Election made by a Participant, the amount of each annual installment payment to be made to a Participant or Beneficiary under such Deferral Election shall be determined by dividing the portion of the Participant's Account Balance attributable to such Deferral Election as of the latest Valuation Date preceding the date of payment by the number of installments remaining to be paid under such Deferral Election.

(f) Notwithstanding any election made by a Participant, any portion of a Participant's Account Balance that has not been paid to the Participant as of the date of his or her death shall be paid to the Participant's Beneficiary in a single sum as soon as administratively practicable, but within 90 days, after the Valuation Date following the date on which the Corporation receives notification of the Participant's death.

## 5.2 Revised Election.

(a) Pursuant to a Revised Election, a Participant may specify:

(1) a date for the commencement of the payment of the Participant's Account Balance that is after the date specified in the Participant's Deferral Election; and/or

(2) a form of payment that calls for a greater number of annual installment payments than that specified in the Participant's Deferral Election, or a number of annual installment payments where the Participant specified a single sum payment in his or her Deferral Election.

(3) Notwithstanding the foregoing, an Eligible Executive may not elect a time of benefit commencement and/or a form of payment to the extent that such an election would cause any payments to be made after the March 31 first following the date that is 20 years after the date of the Eligible Executive's retirement or other termination of employment.

(b) If a Participant has made a Revised Election with respect to amounts the payment of which has been deferred to a certain date, the Participant may not thereafter make another Revised Election with respect to amounts the payment of which, as of the date on which such Revised Election is made and before giving effect to the Revised Election, has been deferred to the same date.

(c) To be effective, a Revised Election must be:

(1) made in writing by the Participant on a form furnished for such purpose by the Corporate Executive Compensation Department;

(2) submitted to the Corporate Executive Compensation Department on or before the date that is three months and one day before the date on which the portion of the Participant's Account Balance that is the subject of the Revised Election would, absent the Revised Election, first become payable; and

(3) approved by the Corporate Executive Compensation Department. A Revised Election will be deemed to have been approved by the Corporate Executive Compensation Department if it is not disapproved by the Corporate Executive Compensation Department within ten days of the date on which it is received.

### 5.3 Special Payments.

(a) Notwithstanding any other provision of the Plan to the contrary, a Participant may receive payment of all or a portion of his or her Account Balance as soon as administratively practicable following the receipt by the Corporate Executive Compensation Department of the Participant's written request for such payment.

(b) (1) As a condition of receiving any payment made pursuant to Subsection 5.3(a), a Participant will be subject to, and must elect the application of, one of the following penalties:

(A) payment to the Company of an amount equal to eight percent of the amount of the payment made pursuant to Subsection 5.3(a) and suspension of the Participant's further participation in the Plan or any equivalent plan or plans maintained by the Corporation or a subsidiary of the Corporation for the entire calendar year described in "(B)" below; or

(B) payment to the Company of an amount equal to six percent of the amount of the payment made pursuant to Subsection 5.3(a), and suspension of the Participant's tax-deferred contributions to the Plan and the USP or any equivalent plan or plans maintained by the Corporation or a subsidiary of the Corporation for the entire calendar year that follows the date on which the Participant submits to the Corporate Executive Compensation Department his or her request for payment pursuant to Subsection 5.3(a).

(2) The payment to the Company specified in Paragraph 5.3(b)(1) shall generally be deducted from the amount otherwise payable to the Participant under Subsection 5.3(a).

(c) Where a Participant receives a payment of less than his or her entire Account Balance pursuant to Subsection 5.3(a), the portion of the Participant's Account Balance to which each Investment Measurement Option is applied shall be reduced proportionately so that the Investment Measurement Options apply to the Participant's Account Balance in the same percentages immediately before and immediately after the payment.

(d) Notwithstanding any provision of the Plan to the contrary, in the event the Committee determines that any portion of a Participant's Account Balance is the subject of a final determination by the Internal Revenue Service that such portion is includible in the Participant's taxable income, the Participant's Account Balance shall be distributed to the extent it is so includible. All income taxes and related interest and penalties associated with credits to or distributions from a Participant's Account shall be borne by the Participant.

5.4 Acceleration of Payment. Notwithstanding any other provision of this Plan to the contrary, the Committee in its sole discretion may accelerate the payment of Account Balances to all or any group of similarly situated Participants or Beneficiaries, whether before or after the Participants' termination of service, in response to changes in the tax laws or accounting principles.

## Article VI Miscellaneous

6.1 Amendment. The Board may modify or amend, in whole or



in part, any of or all the provisions of the Plan, or suspend or terminate it entirely; provided, however, that any such modification, amendment, suspension or termination may not, without the Participant's consent, adversely affect any deferred amount credited to him or her for any period prior to the effective date of such modification, amendment, suspension or termination. The Plan shall remain in effect until terminated pursuant to this provision.

6.2 Administration. The Committee shall have the sole authority to interpret the Plan and in its discretion to establish and modify administrative rules for the Plan. All expenses and costs in connection with the operation of this Plan shall be borne by the Corporation. The Corporation shall have the right to deduct from any payment to be made pursuant to this Plan any federal, state or local taxes required by law to be withheld, and any associated interest and/or penalties.

6.3 Governing Law. The Plan shall be construed and its provisions enforced and administered in accordance with the laws of the Commonwealth of Pennsylvania except as such laws may be superseded by the federal law.

#### Article VII Transfer of Account Balance

7.1 Transfer to Director's Plan. Notwithstanding any election of form of payments made hereunder, a Participant who, following his termination of employment with the Corporation will be eligible to participate in the Directors' Plan, may elect at any time prior to the date that is three months and one day before the Participant's termination of employment to transfer all or any portion of his Account Balance to the Directors' Plan. Such transfer must occur prior to the date that payments of the Participant's Account Balance would otherwise be made, or commence, hereunder. Upon transfer, the Participant's Account Balance (or the portion thereof transferred) will be subject to the terms and conditions of the Directors' Plan; provided, however, that any election of form of payment made under the Directors' Plan with respect to the amount transferred may not provide for a form of payment that is in any way more rapid than the form of payment in effect under this Plan with respect to such amounts immediately prior to transfer to the Directors' Plan. Valuation of the Account Balance (or the portion thereof) to be transferred shall be made consistent with the valuation provisions described in Article V. Upon transfer, the Participant's (or his or her Beneficiary's) rights hereunder with respect to the amounts transferred shall cease.

DEFERRED COMPENSATION  
PLAN FOR DIRECTORS OF UNISYS CORPORATION

Article I  
Purpose & Authority

1.1 Purpose. The purpose of the Plan is to offer members of the Board of Directors who are not employees of the Corporation the opportunity to defer receipt of a portion of their Compensation, under terms advantageous to both the Director and the Corporation.

1.2 Effective Date. The Board originally approved the Plan on November 20, 1981, and the Plan was subsequently amended, effective January 1, 1994. This document reflects the Plan as amended and restated effective May 22, 1997. The terms of this amended and restated Plan shall apply to all Account Balances and elections made pursuant to the Plan prior to its amendment.

1.3 Authority. Any decision made or action taken by the Corporation and any of its officers or employees involved in the administration of this Plan, or any member of the Board or the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be within the absolute discretion of all and each of them, as the case may be, and will be conclusive and binding on all parties. No member of the Board and no employee of the Corporation shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or, except in circumstances involving the member's or employee's bad faith, for anything done or omitted to be done by himself or herself.

Article II  
Definitions

2.1 "Account" means, for any Participant, the memorandum account established for the Participant under Section 4.1.

2.2 "Account Balance" means, for any Participant as of any date, the aggregate amount reflected in his or her Account.

2.3 "Beneficiary" means the person or persons designated from time to time in writing by a Participant to receive payments under the Plan after the death of such Participant or, in the absence of such designation or in the event that such designated person or persons predeceases the Participant, the Participant's estate.

2.4 "Board" means the Board of Directors of the Corporation.

2.5 "Committee" means the Compensation and Organization Committee of the Board.

2.6 "Compensation" means amounts payable by the Corporation, absent deferral, with respect to services provided by a Participant to the Corporation as a Director, including retainer and meeting fees, but shall not include non-elective stock unit amounts credited, payable or paid under the Stock Unit Plan.

2.7 "Corporation" means Unisys Corporation.

2.8 "Deferral Election" means an election by an Eligible Director to defer a portion of his or her Compensation under the Plan, as described in Section 3.1.

2.9 "Eligible Director" means, a member of the Board who is not an employee of the Corporation.

2.10 "Investment Measurement Option" means any of the hypothetical investment alternatives available for determining the additional amounts to be credited to a Participant's Account under Section 4.2. The Investment Measurement Options currently available are (a) the Fidelity Retirement Money Market Portfolio, (b) the Fidelity Asset Manager: Growth Fund, (c) the Fidelity Magellan Fund, (d) the Fidelity Asset Manager Fund, (e) the Fidelity Asset Manager: Income Fund, (f) the Fidelity U.S. Equity Commingled Fund, and (h) the Interest Income Fund, each of which are

investment options currently available under the USP.

2.11 "Officers' Plan" means the Deferred Compensation Plan for Executives of Unisys Corporation.

2.12 "Participant" means an Eligible Director or former Eligible Director who has made a Deferral Election and who has not received a distribution of his or her entire Account Balance.

2.13 "Plan" means the Deferred Compensation Plan for Directors of Unisys Corporation, as set forth herein and as amended from time to time.

2.14 "Revised Election" means an election made by a Participant, in accordance with Section 5.2, to change the date as of which payment of his or her Account Balance is to commence and/or the form in which such payment is to be made.

2.15 "USP" means the Unisys Savings Plan.

2.16 "Valuation Date" means the last business day of a calendar month.

### Article III Deferral of Compensation

#### 3.1 Deferral Election.

(a) Prior to or during any calendar year, each Eligible Director may elect to defer all or a portion of his or her Compensation that, absent deferral, would be paid to him or her for services rendered during the following calendar year or the remainder of the current calendar year, as applicable, by properly completing a Deferral Election form.

(b) To be effective, a Deferral Election must be made in writing by the Eligible Director on a form furnished by the Secretary of the Corporation on or before the date that is (I) no later than the December 31 prior to the calendar year to which the Deferral Election applies or (II) at least three months and one day before the date on which the amounts to be deferred, absent deferral, would be paid to the Eligible Director, provided, however, that an individual who becomes an Eligible Director after January 1 of a calendar year may make a Deferral Election with respect to Compensation that, absent deferral, would be paid to him or her during the remainder of the calendar year in which he or she has become an Eligible Director, by filing the required written election on or before the date that is 30 days after the date on which he or she becomes an Eligible Director.

(c) Once made, a Deferral Election shall become effective upon approval by the Secretary of the Corporation and is thereafter irrevocable, except to the extent otherwise provided in Section 5.2. A Deferral Election will be deemed to have been approved by the Secretary of the Corporation if it is not disapproved by the Secretary of the Corporation within ten days of the date on which it is received.

(d) An Eligible Director's Deferral Election must specify either a percentage or a certain dollar amount of his or her Compensation to be deferred under the Plan. In addition, the Deferral Election must specify the date on which payment of the amount deferred is to commence and the manner in which such payment is to be made.

(1) The Eligible Director must specify the date as of which payment of the amount deferred is to commence, subject to Section 5.1(b) hereof, and may specify that such payment is to commence as of:

(A) his or her termination of service as a member of the Board (including as a result of disability); or

(B) a specific date (which may be determined by reference to the Eligible Director's termination of service) that is at least five years after the date on which the initial amounts to be deferred, absent deferral, would be paid to the Eligible Director.

(2) The Eligible Director must specify the manner in which payment of his or her Account Balance is to be made and may specify that such payment is to be made either in a single sum or in annual installments.

(3) Notwithstanding the foregoing, an Eligible Director may not elect a time of benefit commencement and/or a form of payment to the extent that such an election would cause any payments to be made after the March 31 first following the date that is 20 years after the date of the Eligible Director's termination of service.

(e) Deferrals of an Eligible Director's Compensation shall be credited to the Plan at the time at which the Compensation, absent deferral, would be payable to the Participant.

(f) Unless the Deferral Election form specifically provides otherwise, a Deferral Election shall expire as of the last day of the calendar year that includes the first day on which any amount, absent deferral, would be paid to the Eligible Director.

#### Article IV Treatment of Deferred Amounts

4.1 Memorandum Account. The Corporation shall establish on its books an Account for each Participant. Amounts deferred by a participant pursuant to a Deferral Election shall be credited to the Participant's Account on the date on which the deferred amounts, absent deferral, would have been paid to the Participant. In addition, as of each Valuation Date, incremental amounts determined in accordance with Section 4.2 will be credited or debited to each Participant's Account. Any payments made to or on behalf of the Participant and for his or her Beneficiary shall be debited from the Account. No assets shall be segregated or earmarked in respect to any Account and no Participant or Beneficiary shall have any right to assign, transfer, pledge or hypothecate his or her interest or any portion thereof in his or her Account. The Plan and the crediting of Accounts hereunder shall not constitute a trust or a funded arrangement of any sort and shall be merely for the purpose of recording an unsecured contractual obligation of the Corporation.

#### 4.2 Investment Measurement Options.

(a) Subject to the provisions of this Section 4.2, a Participant's Account shall be credited or debited with amounts equal to the amounts that would be earned or lost with respect to the Participant's Account Balance if amounts equal to that Account Balance were actually invested in the Investment Measurement Options in the manner specified by the Participant.

(b) Each Eligible Director may elect, at the same time as a Deferral Election is made, to have one or more of the Investment Measurement Options applied to current deferrals. Such election with respect to current deferrals may be changed as of the first day of any quarter, provided that written notice of such election is filed prior to the first day of that quarter with the Secretary of the Corporation.

(c) Subject to the restrictions described in Subsection (d), a Participant may elect to change the manner in which Investment Measurement Options apply to existing Account Balances. Such an election will be effective as of the first day of the calendar quarter following the date on which a written election is filed with the Secretary of the Corporation.

(d) The following rules apply to Investment Measurement Options.

(1) The percentage of a Participant's current deferrals and/or Account Balance to which a specified Investment Measurement Option is to be applied must be a multiple of five percent.

(2) To the extent that a Participant has not specified an Investment Measurement Option to apply to all or a portion of his or her current deferrals and/or Account Balance, the Insurance Contract Fund shall be deemed to be the applicable Investment Measurement Option.

(3) The chosen Investment Measurement Option or Options shall apply to deferred amounts on and after the date on which such amounts, absent deferral, would have been paid to the Participant.

(e) The Committee shall have the authority to modify the rules and restrictions relating to Investment Measurement Options (including the authority to change such Investment Measurement Options prospectively) as it,

in its discretion, deems necessary and in accord with the investment practices in place under the USP.

4.3 Frozen Stock Units Account. Effective November 21, 1991, the Stock Units Account was no longer an available investment option under this Plan and amounts invested in the Account were frozen as to future investment option transfers. Amounts invested in the Stock Units Account through November 21, 1991 continued to be held under this Plan until July 24, 1996. All Account Balances invested in the Frozen Stock Units Account are transferred to the Unisys Corporation Stock Unit Plan effective July 25, 1996.

Article V  
Payment of Deferred Amounts

5.1 Form and Time of Payment. The benefits to which a Participant or a Beneficiary may be entitled under the Plan shall be paid in accordance with this Section 5.1.

(a) All payments under the Plan shall be made in cash.

(b) Except as otherwise provided in Sections 5.3 and 5.4, payment of a Participant's Account Balance shall commence as of the Valuation Date next following the date or dates specified in the Participant's Deferral Election or Elections or (where applicable) the Participant's Revised Election or Elections; provided, however, that where the Participant's Deferral Election or Elections or (where applicable) the Participant's Revised Election or Elections specify that payments with respect to a Participant's Account Balance are to commence as of a specified date or specified dates not determined by reference to the Participant's retirement or other termination of service and the Participant terminates service with the Corporation prior to such date or dates, payment of the portion of the Participant's Account Balance that was deferred to such date or dates shall commence as of the Valuation Date next following the Participant's termination of service, but in the same form specified in the Participant's Deferral Election or Elections or (where applicable) the Participant's Revised Election or Elections.

(c) All payments shall be made in the form or forms specified in the Participant's Deferral Election or Elections or (where applicable) the Participant's Revised Election or Elections.

(d) To the extent a Participant has not specified the form or time of payment of all or a part of his or her Account Balance, payment of the amounts not specified will be made in a single sum as soon as administratively practicable, but within 90 days, after the first Valuation Date following the Participant's termination of service as a Director.

(e) Where a Participant has elected payment in the form of annual installments, each installment payment after the initial installment payment shall be made on or about March 31 of each year following the year in which the first installment was paid. With respect to each Deferral Election made by a Participant, the amount of each annual installment payment to be made to a Participant under such Deferral Election shall be determined by dividing the portion of the Participant's Account Balance covered by such Deferral Election as of the latest Valuation Date preceding the date of payment by the number of installments remaining to be paid under such Deferral Election.

(f) Notwithstanding any election made by a Participant, any portion of a Participant's Account Balance that has not been paid to the Participant as of the date of his or her death shall be paid to the Participant's Beneficiary in a single sum as soon as administratively practicable, but within 90 days, after the Valuation Date following the date on which the Corporation receives notification of the Participant's death.

5.2 Revised Election.

(a) Pursuant to a Revised Election, a Participant may specify:

(1) a date for the commencement of the payment of the Participant's Account Balance that is after the date specified in the Participant's Deferral Election; and/or

(2) a form of payment that calls for a greater number of annual installment payments than that specified in the Participant's Deferral

Election, or a number of annual installment payments where the Participant specified a single sum payment in his or her Deferral Election.

(3) Notwithstanding the foregoing, a Participant may not elect a time of benefit commencement and/or a form of payment to the extent that such an election would cause any payments to be made after the March 31 first following the date that is 20 years after the date of the Participant's termination of service as a Director.

(b) If a Participant has made a Revised Election with respect to amounts the payment of which has been deferred to a certain date, the Participant may not thereafter make another Revised Election with respect to amounts the payment of which, as of the date on which such Revised Election is made and before giving effect to the Revised Election, has been deferred to the same date.

(c) To be effective, a Revised Election must be:

(1) made in writing by the Participant on a form furnished for such purpose by the Secretary of the Corporation;

(2) submitted to the Secretary of the Corporation on or before the date that is three months and one day before the date on which the portion of the Participant's Account Balance that is the subject of the Revised Election would, absent the Revised Election, first become payable; and

(3) approved by the Secretary of the Corporation. A Revised Election will be deemed to have been approved by the Secretary of the Corporation if it is not disapproved by the Secretary of the Corporation within ten days of the date on which it is received.

### 5.3 Special Payment.

(a) Notwithstanding any other provision of the Plan to the contrary, a Participant may receive payment of all or a portion of his or her Account Balance as soon as administratively practicable following the receipt by the Secretary of the Corporation of the Participant's written request for such payment.

(b) As a condition of receiving any payment made pursuant to Subsection 5.3(a), a Participant will be subject to, as a penalty, payment to the Company of an amount equal to 8 percent of the amount of the payment made pursuant to Subsection 5.3(a) and suspension of the Participant's further participation in the Plan, the Unisys Corporation Director Stock Unit Plan, or any equivalent plan or plans maintained by the Corporation or a subsidiary of the Corporation for the entire full calendar year that follows the date on which the Participant submits to the Secretary of the Corporation his or her request for payment pursuant to Subsection 5.3(a). The payment to the Company shall generally be deducted from the amount otherwise payable to the Participant under Subsection 5.3(a).

(c) Where a Participant receives a payment of less than his or her entire Account Balance pursuant to Subsection 5.3(a), the portion of the Participant's Account Balance to which each Investment Measurement Option is applied shall be reduced proportionately so that the Investment Measurement Options apply to the Participant's Account Balance in the same percentage immediately before and immediately after the payment.

(d) Notwithstanding any provision of the Plan to the contrary, in the event the Committee determines that any portion of a Participant's Account Balance is the subject of a determination by the Internal Revenue Service that such portion is includible in the Participant's taxable income, the Participant's Account Balance shall be distributed to the extent it is so includible. All income taxes and related interest and penalties associated with credits to or distributions from a Participant's Account shall be borne by the Participant.

5.4 Acceleration of Payment. Notwithstanding any other provision of this Plan to the contrary, the Committee in its sole discretion may accelerate the payment of Account Balances to all or any group of similarly situated Participants or Beneficiaries, whether before or after the Participant's termination of service, in response to changes in the tax laws or accounting principles.

## Miscellaneous

6.1 Amendment. The Board may modify or amend, in whole or in part, any of or all the provisions of the Plan, or suspend or terminate it entirely; provided, however, that any such modification, amendment, suspension or termination may not, without the Participant's consent, adversely affect any deferred amount credited to him or her for any period prior to the effective date of such modification, amendment, suspension or termination. The Plan shall remain in effect until terminated pursuant to this provision.

6.2 Administration. The Committee shall have the sole authority to interpret the Plan and in its discretion to establish and modify administrative rules for the Plan. All expenses and costs in connection with the operation of this Plan shall be borne by the Corporation. The Corporation shall have the right to deduct from any payment to be made pursuant to this Plan any federal, state or local taxes required by law to be withheld, and any associated interest and/or penalties.

6.3 Governing Law. The Plan shall be construed and its provisions enforced and administered in accordance with the laws of the Commonwealth of Pennsylvania except as such laws may be superseded by the federal law.

## Article VII

### Transfer of Account Balance

7.1 Transfer of Officers' Plan Accounts. Notwithstanding any other provision of the Plan to the contrary, a Director who is a former officer of Unisys Corporation and who is a participant in the Officers' Plan may elect to transfer any or all of his/her account balance in the Officer's Plan into this Plan. Upon transfer, such amounts shall be subject to the terms and conditions of this Plan, provided that all elections previously made under the Officers' Plan with respect to such amounts shall continue in effect until otherwise modified hereunder. Notwithstanding the payment election provision described in Article V hereof, in no event may a Director elect a form of payment with respect to amounts transferred from the Officers' Plan that is any more rapid than the form of payment in effect under the Officers' Plan at the time of such transfer.

## Article VIII

### Change in Control

#### 8.1 Withdrawal Election.

(a) Notwithstanding any other provision of the Plan to the contrary, in the event of a "change in control," as defined below, each Participant may elect to receive a single sum payment of all or any portion of his/her account balance. Such election shall only be effective if delivered to the Secretary of the Corporation within the ninety-day period immediately following the date of the occurrence of the change in control.

(b) If an election is timely made, the Participant (or Beneficiary) will be entitled to receive, as soon as practicable after the expiration of the ninety-day period, an amount equal to (1) the full value or any portion thereof of the Account Balance minus (2) an early withdrawal penalty equal to 8% of the total value of (1). The Committee, upon advice of counsel, may modify the early withdrawal penalty described above in any way it deems appropriate and consistent with the purposes of the Plan.

8.2 Litigation Expenses. If litigation is brought by a Participant or Beneficiary after a change in control to enforce or interpret any provision of the Plan, the Corporation to the extent permitted by applicable law shall reimburse the Participant (or Beneficiary) for the reasonable fees and disbursements of counsel incurred in such litigation.

8.3 Change in Control Definition. For purposes of this Article VIII, a "change in control" shall have the same meaning as is ascribed to that term under the 1990 Long-Term Incentive Plan, or any successor plan designated by the Committee.

## EXHIBIT 11.1

UNISYS CORPORATION  
 STATEMENT OF COMPUTATION OF EARNINGS PER SHARE  
 FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND 1996  
 (UNAUDITED)  
 (Millions, except share data)

	1997 -----	1996 -----
Primary Earnings Per Common Share		
Average Number of Outstanding Common Shares	174,985,173	172,069,577
Additional Shares Assuming Exercise of Stock Options	775,862	462,294
	-----	-----
Average Number of Outstanding Common Shares and Common Share Equivalents	175,761,035	172,531,871
	=====	=====
Net Income (Loss)	\$ 61.2	\$ ( 8.1)
Dividends on Series A, B and C Preferred Stock	( 57.9)	( 60.4)
	-----	-----
Primary Earnings (Loss) on Common Shares	\$ 3.3	\$ ( 68.5)
	=====	=====
Primary Earnings (Loss) Per Common Share	\$ .02	\$ ( .40)
	=====	=====
Fully Diluted Earnings Per Common Share		
Average Number of Outstanding Common Shares and Common Share Equivalents	175,761,035	172,531,871
Additional Shares:		
Assuming Conversion of Series A Preferred Stock	47,454,085	47,454,260
Assuming Conversion of 8 1/4% Convertible Notes due 2000	33,697,387	33,697,387
Assuming Conversion of 8 1/4% Convertible Notes due 2006	43,490,909	27,480,520
Attributable to Stock Plans	550,206	116,791
	-----	-----
Common Shares Outstanding Assuming Full Dilution	300,953,622	281,280,829
	=====	=====
Primary Earnings (Loss) on Common Shares Exclude Dividends on Series A Preferred	\$ 3.3	\$ ( 68.5)
Stock	53.3	53.3
Interest Expense on 8 1/4% Convertible Notes, due 2000, Net of Applicable Tax	9.6	9.6
Interest Expense on 8 1/4% Convertible Notes, due 2006, Net of Applicable Tax	8.3	5.2
	-----	-----
Fully Diluted Earnings (Loss) on Common Shares	\$ 74.5	\$ ( .4)
	=====	=====
Fully Diluted Earnings (Loss) per Common Share	\$ .25	\$ -0-
	=====	=====
Earnings (Loss) Per Common Share As Reported		
Primary	\$ .02	\$ ( .40)
	=====	=====
Fully Diluted	\$ .02	\$ ( .40)
	=====	=====

The computation for 1997 is based on the weighted average number of outstanding common shares and additional shares assuming the exercise of stock options. The computation for 1996 is based solely on the weighted average number of outstanding common shares. Neither period assumes conversion of the convertible notes or Series A preferred stock since such conversions would have been antidilutive.



UNISYS CORPORATION  
 STATEMENT OF COMPUTATION OF EARNINGS PER SHARE  
 FOR THE THREE MONTHS ENDED JUNE 30, 1997 AND 1996  
 (UNAUDITED)  
 (Millions, except share data)

	1997	1996
	-----	-----
Primary Earnings Per Common Share		
Average Number of Outstanding Common Shares	175,121,679	172,702,498
Additional Shares Assuming Exercise of Stock Options	783,907	482,347
	-----	-----
Average Number of Outstanding Common Shares and Common Share Equivalents	175,905,586	173,184,845
	=====	=====
Net Income	\$ 41.9	\$ 5.3
Dividends on Series A, B and C Preferred Stock	( 27.8)	( 30.2)
	-----	-----
Primary Earnings (Loss) on Common Shares	\$ 14.1	\$( 24.9)
	=====	=====
Primary Earnings (Loss) Per Common Share	\$ .08	\$( .14)
	=====	=====
Fully Diluted Earnings Per Common Share		
Average Number of Outstanding Common Shares and Common Share Equivalents	175,905,586	173,184,845
Additional Shares:		
Assuming Conversion of Series A Preferred Stock	47,454,036	47,454,135
Assuming Conversion of 8 1/4% Convertible Notes due 2000	33,697,387	33,697,387
Assuming Conversion of 8 1/4% Convertible Notes due 2006	43,490,909	43,490,909
Attributable to Stock Plans	1,100,412	198,612
	-----	-----
Common Shares Outstanding Assuming Full Dilution	301,648,330	298,025,888
	=====	=====
Primary Earnings (Loss) on Common Shares Exclude Dividends on Series A Preferred	\$ 14.1	\$( 24.9)
Stock	26.7	26.6
Interest Expense on 8 1/4% Convertible Notes, due 2000, Net of Applicable Tax	4.8	4.8
Interest Expense on 8 1/4% Convertible Notes, due 2006, Net of Applicable Tax	4.2	4.1
	-----	-----
Fully Diluted Earnings on Common Shares	\$ 49.8	\$ 10.6
	=====	=====
Fully Diluted Earnings per Common Share	\$ .17	\$ .04
	=====	=====
Earnings (Loss) Per Common Share As Reported		
Primary	\$ .08	\$( .14)
	=====	=====
Fully Diluted	\$ .08	\$( .14)
	=====	=====

The computation for 1997 is based on the weighted average number of outstanding common shares and additional shares assuming the exercise of stock options. The computation for 1996 is based solely on the weighted average number of outstanding common shares. Neither period assumes conversion of the convertible notes or Series A preferred stock since such conversions would have been antidilutive.

UNISYS CORPORATION  
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES (UNAUDITED)  
 (\$ in millions)

	Six Months Ended June 30,		Years Ended December 31			
	1997	1996	1995	1994	1993	1992
Income (loss) from continuing operations before income taxes	\$ 97.1	\$ 93.7	\$ (781.1)	\$ 14.6	\$ 370.9	\$ 301.3
Add (deduct) share of loss (income) of associated companies	( 3.3)	( 4.9)	5.0	16.6	14.5	3.2
Subtotal	93.8	88.8	(776.1)	31.2	385.4	304.5
Interest expense (net of interest capitalized)	119.9	249.7	202.1	203.7	241.7	340.6
Amortization of debt issuance expenses	3.6	6.3	5.1	6.2	6.6	4.8
Portion of rental expense representative of interest	29.6	59.2	65.3	65.0	70.5	78.8
Total Fixed Charges	153.1	315.2	272.5	274.9	318.8	424.2
Earnings (loss) from continuing operations before income taxes and fixed charges	\$246.9	\$404.0	\$ (503.6)	\$306.1	\$704.2	\$728.7
Ratio of earnings to fixed charges	1.61	1.28	(a)	1.11	2.21	1.72

&lt;FN&gt;

(a) Earnings for the year ended December 31, 1995 was inadequate to cover fixed charges by approximately \$776.1 million.

<ARTICLE> 5  
<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL  
INFORMATION EXTRACTED FROM THE FINANCIAL  
STATEMENTS INCLUDED IN THE COMPANY'S FORM  
10-Q FOR THE QUARTERLY PERIOD ENDED JUNE  
30, 1997 AND IS QUALIFIED IN ITS ENTIRETY  
BY REFERENCE TO SUCH FINANCIAL STATEMENTS.  
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