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

# FORM 10-K

**(Mark One)**

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

**For the fiscal year ended December 31, 2009**

**or**

☐ **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**<br>(State or other jurisdiction of incorporation or organization) | **38-0387840**<br>(I.R.S. Employer Identification No.) |
| **Unisys Way**<br>**Blue Bell, Pennsylvania**<br>(Address of principal executive offices) | **19424**<br>(Zip Code) |

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

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Name of each exchange on which registered |
|---|---|
| **Common Stock, par value $.01** | **New York Stock Exchange** |

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

Aggregate market value of the voting and non-voting common equity held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter: approximately $557.9 million.

The amount shown is based on the closing price of Unisys Common Stock as reported on the New York Stock Exchange composite tape on June 30, 2009. Voting stock beneficially held by officers and directors is not included in the computation. However, Unisys Corporation has not determined that such individuals are “affiliates” within the meaning of Rule 405 under the Securities Act of 1933.

Number of shares of Unisys Common Stock, par value $.01, outstanding as of December 31, 2009: 42,286,963

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of Unisys Corporation’s annual report to stockholders for the year ended December 31, 2009 are incorporated by reference into Part I, Part II and Part IV hereof.

Portions of Unisys Corporation’s Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

PART I

## ITEM 1. BUSINESS

### *General*

Unisys Corporation is a worldwide information technology (“IT”) company. We provide a portfolio of IT services, software, and technology that solves critical problems for clients. We specialize in helping clients secure their operations, increase the efficiency and utilization of their data centers, enhance support to their end users and constituents, and modernize their enterprise applications. To provide these services and solutions, the company brings together offerings and capabilities in outsourcing services, systems integration and consulting services, infrastructure services, maintenance services, and high-end server technology. Unisys serves commercial organizations and government agencies throughout the world.

We operate in two business segments – Services and Technology. Financial information concerning the two segments can be found in Note 15, “Segment information”, of the Notes to Consolidated Financial Statements appearing in our annual report to stockholders for the year ended December 31, 2009 (the “Unisys 2009 Annual Report to Stockholders”), and such information is incorporated herein by reference.

### *Principal Products and Services*

Unisys brings together services and technology into solutions that solve critical problems for organizations around the world.

In the Services segment, we provide services to help our clients improve their competitiveness, security and cost efficiency. Our services include outsourcing, systems integration and consulting, infrastructure services and core maintenance.

- In outsourcing, we manage customers’ data centers, computer servers and end-user computing environments as well as specific business processes, such as check processing, mortgage administration, citizen registry and cargo management.
- In systems integration and consulting, we consult with clients to assess the security and cost effectiveness of their IT systems and help them design, integrate and modernize their mission-critical applications to achieve their business goals.
- In infrastructure services, we provide design, warranty and support services for our customers’ IT infrastructure, including their networks, desktops, servers, and mobile and wireless systems.
- In core maintenance, we provide maintenance of Unisys proprietary systems and products.

In the Technology segment, we design and develop servers and related products to help clients reduce costs and improve the efficiency of their data center environments. As a pioneer in large-scale computing, Unisys offers deep experience and rich technological capabilities in transaction-intensive, mission-critical environments. We provide a range of data center, infrastructure management and cloud computing offerings to help clients virtualize and automate their data-center environments. Product offerings include enterprise-class servers, such as the ClearPath family of servers and the ES7000 family of Intel-based servers, as well as operating system software and middleware.

To drive future growth, Unisys is focusing its resources and investments in four targeted market areas: security; data center transformation, including our server business; end user outsourcing; and applications modernization.

The primary vertical markets Unisys serves worldwide include the public sector (including the U.S. federal government), financial services and other commercial markets including communications and transportation.

We market our products and services primarily through a direct sales force. In certain foreign countries, we market primarily through distributors. Complementing our direct sales force, we make use of a select group of alliance partners to market and complement our services and product portfolio.

***Materials***

Unisys purchases components and supplies from a number of suppliers around the world. For certain technology products, we rely on a single or limited number of suppliers, although we make every effort to assure that alternative sources are available if the need arises. The failure of our suppliers to deliver components and supplies in sufficient quantities and in a timely manner could adversely affect our business.

***Patents, Trademarks and Licenses***

Unisys owns over 1,350 active U.S. patents and over 200 active patents granted in 10 non-U.S. jurisdictions. These patents cover systems and methods related to a wide variety of technologies, including, but not limited to computing systems, relational database management, information storage, device/circuit manufacture and design, imaging, data compression and document recognition/handling. We have granted licenses covering both single patents, and particular groups of patents to others. Likewise, we have active licensing agreements granting us rights under patents owned by other entities. However, our business is not materially dependent upon any single patent, patent license, or related group thereof.

Unisys also maintains over 20 U.S. trademark and service mark registrations, and over 1,600 additional trademark and service mark registrations in over 120 non-U.S. jurisdictions. These marks are valuable assets used on or in connection with our products and services, and as such are actively monitored, policed and protected by Unisys and its agents.

***Seasonality***

Our revenue is affected by such factors as the introduction of new products and services, the length of sales cycles and the seasonality of purchases. Seasonality has generally resulted in higher fourth quarter revenues than in other quarters.

***Customers***

No single customer accounts for more than 10% of our revenue. Sales of commercial products and services to various agencies of the U.S. government represented approximately 20% of total consolidated revenue in 2009. For more information on the risks associated with contracting with governmental entities, see “Factors that may affect future results” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Unisys 2009 Annual Report to Stockholders which is incorporated herein by reference.

***Backlog***

In the Services segment, firm order backlog at December 31, 2009 was $6.5 billion, compared to $6.1 billion at December 31, 2008. Approximately $2.6 billion (41%) of 2009 backlog is expected to be filled in 2010. Although we believe that this backlog is firm, we may, for commercial reasons, allow the orders to be cancelled, with or without penalty. In addition, funded government contracts included in this backlog are generally subject to termination, in whole or part, at the convenience of the government or if funding becomes unavailable. In such cases, we are generally entitled to receive payment for work completed plus allowable termination or cancellation costs. Also, as discussed in Note 18, “Subsequent events”, of the Notes to Consolidated Financial Statements appearing in the Unisys 2009 Annual Report to Stockholders, we entered into an agreement to sell our health information management (“HIM”) business in January 2010 and expect this transaction to be completed in the first half of 2010, subject to customary regulatory approvals and closing conditions, including receipt of customer consents. The information reported above includes $0.4 billion of firm order backlog associated with the HIM business, approximately $0.1 billion of which is expected to be filled in 2010. The amount of this backlog that we will fill in 2010 depends on when this transaction is completed.

Because of the relatively short cycle between order and shipment in our Technology segment, we believe that backlog information for this segment is not material to the understanding of our business.

***Competition***

Our business is affected by rapid change in technology in the information services and technology industries and aggressive competition from many domestic and foreign companies. Principal competitors are systems integrators, consulting and other professional services firms, outsourcing providers, infrastructure services providers, computer hardware manufacturers and software providers. We compete primarily on the basis of service, product performance, technological innovation, and price. We believe that our continued focused investment in engineering and research and development, coupled with our sales and marketing capabilities, will have a favorable impact on our competitive position. For more information on the competitive risks we face, see "Factors that may affect future results" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Unisys 2009 Annual Report to Stockholders which is incorporated herein by reference.

***Research and Development***

Unisys-sponsored research and development costs were $101.9 million in 2009, $129.0 million in 2008, and $179.0 million in 2007.

***Environmental Matters***

Our capital expenditures, earnings and the competitive position have not been materially affected by compliance with federal, state and local laws regulating the protection of the environment. Capital expenditures for environmental control facilities are not expected to be material in 2010 and 2011.

***Employees***

At December 31, 2009, we employed approximately 25,600 people worldwide.

We use the title "partner" for certain members of our services business management. In using the term "partner" or "partners," we do not mean to imply that these individuals are partners in the legal sense or to imply any intention to create a separate legal entity, such as a partnership.

***International and Domestic Operations***

Financial information by geographic area is set forth in Note 15, "Segment information", of the Notes to Consolidated Financial Statements appearing in the Unisys 2009 Annual Report to Stockholders, and such information is incorporated herein by reference.

***Available Information***

Our Internet web site is located at http://www.unisys.com/about__unisys/investors/index.htm. Through our web site, we make available, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after this material is electronically filed with or furnished to the SEC. We also make available on the web site our Guidelines on Significant Corporate Governance Issues, the charters of the Audit Committee, Compensation Committee, Finance Committee, and Nominating and Corporate Governance Committee of our board of directors, and our Code of Ethics and Business Conduct. This information is also available in print to stockholders upon request.

## EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the executive officers of Unisys as of February 15, 2010 is set forth below.

| Name | Age | Position with Unisys |
|---|---|---|
| J. Edward Coleman | 58 | Chairman of the Board and Chief Executive Officer |
| Patricia A. Bradford | 59 | Senior Vice President, Worldwide Human Resources |
| Dominick Cavuoto | 56 | Senior Vice President; President, Technology, Consulting and Integration Solutions and Worldwide Strategic Services |
| Edward Davies | 50 | Senior Vice President; President, Federal Systems |
| Anthony P. Doye | 53 | Senior Vice President; President, Global Outsourcing and Infrastructure Services |
| Janet Brutschea Haugen | 51 | Senior Vice President and Chief Financial Officer |
| Suresh Mathews | 56 | Senior Vice President and Chief Information Officer |
| M. Lazane Smith | 55 | Senior Vice President, Corporate Development |
| Nancy Straus Sundheim | 58 | Senior Vice President, General Counsel and Secretary |
| Scott A. Battersby | 51 | Vice President and Treasurer |
| Scott W. Hurley | 51 | Vice President and Corporate Controller |

There is no family relationship among any of the above-named executive officers. The By-Laws provide that the officers of Unisys shall be elected annually by the Board of Directors and that each officer shall hold office for a term of one year and until a successor is elected and qualified, or until the officer's earlier resignation or removal.

Mr. Coleman has been Chairman of the Board and Chief Executive Officer since October 2008. Prior to joining Unisys in 2008, he served as Chief Executive Officer of Gateway, Inc. from 2006 to 2008. From 2005 to 2006, Mr. Coleman was with Arrow Electronics, serving as its Senior Vice President and as its President of Enterprise Computing Solutions. From 1999 to 2004, Mr. Coleman served as Chief Executive Officer of CompuCom Systems, Inc. and as its Chairman from 2001 to 2004. Before that, Mr. Coleman served in various leadership and executive positions at Computer Sciences Corporation and IBM Corporation. Mr. Coleman has been an officer since 2008.

Ms. Bradford has been Senior Vice President, Worldwide Human Resources since 2006. Prior to that time, she served as Vice President, Worldwide Human Resources (2005-2006), Vice President, Human Resources Operations (2004), Vice President and Managing Business Partner, Enterprise Transformation Services (2003–2004), and Vice President and Managing Business Partner, Global Industries (1999-2003). Ms. Bradford joined Unisys in 1982 and has held several other leadership positions in Human Resources. Ms. Bradford has been an officer since 2005.

Mr. Cavuoto has been Senior Vice President and President, Technology, Consulting and Integration Solutions and Worldwide Strategic Services since February 2010. From August 2009 until February 2010, Mr. Cavuoto served as Senior Vice President and President, TCIS Worldwide Consulting & Integration Services and Worldwide Strategic Services. Prior to that time, he served as Senior Vice President and President, Global Industries and Worldwide Strategic Services upon rejoining Unisys in April 2008. From January 2007 until April 2008, Mr. Cavuoto served as Chief Executive Officer of Collabera, Inc. Prior to joining Collabera, Inc., Mr. Cavuoto served as Vice President of Unisys Worldwide Services Operations (2005-2006) and as Vice President and President of Unisys Global Financial Services (2001-2005). From 1994 until 2001, Mr. Cavuoto was Managing Partner at KPMG and Senior Vice President and Managing Director at KPMG Consulting Inc. Mr. Cavuoto has been an officer since February 2009.

Mr. Davies has been Senior Vice President and President, Federal Systems since 2008. Prior to this position, Mr. Davies had served as the managing partner for Federal Systems' Civilian Agencies since joining Unisys in 2003. Prior to joining Unisys, Mr. Davies was with Booz Allen Hamilton, Inc. from 1985 until 2002, where he most recently served as a partner. Mr. Davies has been an officer since February 2009.

Mr. Doye has been Senior Vice President and President, Global Outsourcing and Infrastructure Services since January 2008 and served as President, Global Outsourcing and Infrastructure Services from November 2007 until January 2008. Before joining Unisys in 2007, Mr. Doye held numerous global leadership roles at Computer Sciences Corporation, serving as Group President, Strategic Programs in 2007 and as Group President, Commercial Outsourcing Americas from 2003 until 2007. Mr. Doye has been an officer since 2008.

Ms. Haugen has been Senior Vice President and Chief Financial Officer since 2000. Prior to that time, she served as Vice President and Controller and Acting Chief Financial Officer (1999-2000) and Vice President and Controller (1996-1999). Ms. Haugen has been an officer since 1996.

Mr. Mathews has been Senior Vice President and Chief Information Officer since March 2009. Prior to joining Unisys, Mr. Mathews served as Executive Vice President and Chief Information Officer at Interstate Brands, Inc. Prior to Interstate Brands, he was President and Chief Executive Officer of Digital Standard, Inc. from 2004 to 2007 and Senior Vice President, Information Systems and Services for CompuCom Systems, Inc. from 2001 to 2004 where he also served on the Board of Directors of CompuCom's Federal Systems subsidiary. Mr. Mathews has been an officer since March 2009.

Ms. Smith was elected Senior Vice President, Corporate Development in March 2009. Prior to joining Unisys, she was Senior Vice President, Human Resources and Customer Service and Support at Gateway, Inc. (2006-2008). From 1993 until 2005, Ms. Smith held various leadership roles at CompuCom Systems, Inc., including serving as Senior Vice President and Chief Financial Officer from 1997 until 2005. Ms. Smith has been an officer since March 2009.

Ms. Sundheim has been Senior Vice President, General Counsel and Secretary since 2001. From 1999 to 2001, she was Vice President, Deputy General Counsel and Secretary. She had been Deputy General Counsel since 1990. Ms. Sundheim has been an officer since 1999.

Mr. Battersby has been Vice President and Treasurer since 2000. Prior to that time, he served as Vice President of Corporate Strategy and Development (1998-2000) and Vice President and Assistant Treasurer (1996-1998). Mr. Battersby has been an officer since 2000.

Mr. Hurley has been Vice President and Corporate Controller since February 2008. Prior to joining Unisys in 2008, he was Vice President and Chief Accounting Officer at VIASYS Healthcare Inc. (2004-2007); Vice President, Corporate Controller and Treasurer at Incyte Corp. (2003-2004); and Corporate Controller at Arrow International, Inc. (1998-2003). Mr. Hurley has been an officer since 2008.

## ITEM 1A. RISK FACTORS

Discussion of risk factors is set forth under the heading “Factors that may affect future results” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Unisys 2009 Annual Report to Stockholders and is incorporated herein by reference.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

## ITEM 2. PROPERTIES

As of December 31, 2009, we had 18 major facilities in the United States with an aggregate floor space of approximately 3.6 million square feet, located primarily in California, Michigan, Minnesota, New Jersey, Pennsylvania, Texas, Utah and Virginia. We owned two of these facilities, with aggregate floor space of approximately 1.2 million square feet; 16 of these facilities, with approximately 2.4 million square feet of floor space, were leased to us. Approximately 2.8 million square feet of the U.S. facilities were in current operation, approximately 0.1 million square feet were subleased to others, and approximately 0.7 million square feet were declared surplus with disposition efforts in progress or held in reserve. During the first quarter of 2010, we sold a major facility in Michigan with approximately 0.9 million square feet of floor space.

As of December 31, 2009, we had 16 major facilities outside the United States with an aggregate floor space of approximately 1.7 million square feet, located primarily in Australia, Belgium, Brazil, Germany, India, Netherlands and the United Kingdom. We owned two of these facilities, with approximately 0.4 million square feet of floor space; 14 of these facilities, with approximately 1.3 million square feet of floor space, were leased to us. Approximately 1.2 million square feet were in current operation, approximately 0.4 million square feet were subleased to others, and approximately 0.1 million square feet were being held in reserve or were declared surplus with disposition efforts in progress.

Our major facilities include offices, data centers, call centers, manufacturing plants, warehouses, and distribution and sales centers. We believe that our facilities are suitable and adequate for current and presently projected needs. We continuously review our anticipated requirements for facilities and will from time to time acquire additional facilities, expand existing facilities, and dispose of existing facilities or parts thereof, as necessary.

## ITEM 3. LEGAL PROCEEDINGS

Information with respect to litigation is set forth in Note 14, "Litigation and contingencies", of the Notes to Consolidated Financial Statements appearing in the Unisys 2009 Annual Report to Stockholders, and such information is incorporated herein by reference.

In addition, in July 2008, Lufthansa Systems Passenger Services GmbH sued Unisys Germany in the District Court of Frankfurt, Germany, in connection with a 2005 agreement under which Unisys Germany was to develop passenger management software for Lufthansa Systems. Lufthansa Systems purported to terminate the agreement for cause in July 2007 claiming that Unisys Germany failed to deliver satisfactory software in a timely manner. The lawsuit sought a monetary recovery of approximately 49 million euros. Unisys Germany filed its defense and a counterclaim in the amount of approximately 8.6 million euros. In August 2009, the district court dismissed all of Lufthansa Systems' claims except a claim for 1.9 million euros for delay of the project and entered judgment against Unisys Germany for this amount, plus interest and a small portion of Lufthansa Systems' attorneys' fees. Having dismissed Lufthansa Systems' claims, the court did not rule on the Unisys Germany counterclaim. During the fourth quarter of 2009, Unisys Germany and Lufthansa Systems settled all claims and counterclaims against each other relating to this matter. The settlement was immaterial to our financial position.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders of Unisys during the fourth quarter of 2009.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Unisys Common Stock (trading symbol "UIS") is listed for trading on the New York Stock Exchange and London Stock Exchange. Information on the high and low sales prices for Unisys Common Stock is set forth under the heading "Quarterly financial information" in the Unisys 2009 Annual Report to Stockholders and is incorporated herein by reference. At December 31, 2009, there were approximately 42.3 million shares outstanding and approximately 19,900 stockholders of record. Unisys has not declared or paid any cash dividends on its Common Stock since 1990, and we do not anticipate declaring or paying cash dividends in the foreseeable future.

### ITEM 6. SELECTED FINANCIAL DATA

A summary of selected financial data is set forth under the heading "Five-year summary of selected financial data" in the Unisys 2009 Annual Report to Stockholders and is incorporated herein by reference.

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations is set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Unisys 2009 Annual Report to Stockholders and is incorporated herein by reference.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning market risk is set forth under the heading "Market risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Unisys 2009 Annual Report to Stockholders and is incorporated herein by reference.

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of Unisys, consisting of the consolidated balance sheets at December 31, 2009 and 2008 and the related consolidated statements of income, cash flows and stockholders' equity (deficit) for each of the three years in the period ended December 31, 2009, appearing in the Unisys 2009 Annual Report to Stockholders, together with the reports of KPMG LLP, independent registered public accountants, on the financial statements at December 31, 2009 and 2008 and for each of the two years in the period ended December 31, 2009 and of Ernst & Young LLP, independent registered public accountants, on the financial statements at December 31, 2007 and the year ended December 31, 2007, appearing in the Unisys 2009 Annual Report to Stockholders, are incorporated herein by reference. Supplementary financial data, consisting of information appearing under the heading "Quarterly financial information" in the Unisys 2009 Annual Report to Stockholders, is incorporated herein by reference.

### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

## ITEM 9A. CONTROLS AND PROCEDURES

***Evaluation of Disclosure Controls and Procedures***

As of the end of the period covered by this Annual Report, management performed, with the participation of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), an evaluation of the effectiveness of the company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based upon that evaluation, the CEO and the CFO concluded that, as of December 31, 2009, the company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

***Report of Management on Internal Control Over Financial Reporting***

The management of the company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that the company maintained effective internal control over financial reporting as of December 31, 2009, based on the specified criteria.

KPMG LLP, an independent registered public accounting firm, has audited the company's internal control over financial reporting as of December 31, 2009, as stated in its report that appears in the Unisys 2009 Annual Report to Stockholders, and such report is incorporated herein by reference.

***Changes in Internal Control over Financial Reporting***

There have been no changes in the company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

## ITEM 9B. OTHER INFORMATION

Not applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our executive officers is incorporated herein by reference to Part I, Item 1 above.

The following information is incorporated herein by reference to our Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders (the "Proxy Statement"):

- Information regarding our directors is set forth under the headings "Nominees for Election to the Board of Directors", "Members of the Board of Directors Continuing in Office — Term Expiring in 2011" and "Members of the Board of Directors Continuing in Office — Term Expiring in 2012".
- Information regarding the Unisys Code of Ethics and Business Conduct is set forth under the heading "Code of Ethics and Business Conduct".
- Information regarding our audit committee and audit committee financial experts is set forth under the heading "Committees".

### ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is set forth under the heading "EXECUTIVE COMPENSATION" in the Proxy Statement and is incorporated herein by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following information is incorporated herein by reference to the Proxy Statement:

- Information regarding securities authorized for issuance under equity compensation plans is set forth under the heading "EQUITY COMPENSATION PLAN INFORMATION".
- Information regarding the security ownership of certain beneficial owners, directors and executive officers is set forth under the heading "SECURITY OWNERSHIP BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT".

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The following information is incorporated herein by reference to the Proxy Statement:

- Information regarding transactions with related persons is set forth under the heading "Related Party Transactions".
- Information regarding director independence is set forth under the heading "Independence of Directors".

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning fees and services of the company's principal accountants is set forth under the heading "Independent Registered Public Accounting Firm Fees and Services" in the Proxy Statement and is incorporated herein by reference.

## PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

1. Financial Statements from the Unisys 2009 Annual Report to Stockholders which are incorporated herein by reference:

   Consolidated Balance Sheets at December 31, 2009 and December 31, 2008

   Consolidated Statements of Income for each of the three years in the period ended December 31, 2009

   Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2009

   Consolidated Statements of Stockholders' Equity (Deficit) for each of the three years in the period ended December 31, 2009

   Notes to Consolidated Financial Statements

   Report of Management on Internal Control over Financial Reporting

   Reports of Independent Registered Public Accounting Firms

2. Additional information filed as part of this report pursuant to Item 8 of this report:

| | Form 10-K Page No. |
|---|---|
| Report of Independent Registered Public Accounting Firm on Schedule II | 13 |
| Schedule II Valuation and Qualifying Accounts | 14 |

The financial statement schedule should be read in conjunction with the consolidated financial statements and notes thereto in the Unisys 2009 Annual Report to Stockholders. Financial statement schedules not included with this report have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits. Those exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index included in this report at pages 15 through 18. Management contracts and compensatory plans and arrangements are listed as Exhibits 10.1 through 10.30.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNISYS CORPORATION

By: /S/ J. EDWARD COLEMAN

**J. Edward Coleman**
**Chairman of the Board and**
**Chief Executive Officer**

Date: February 24, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 24, 2010.

| | |
|---|---|
| /S/ J. EDWARD COLEMAN<br>**J. Edward Coleman**<br>**Chairman of the Board and Chief Executive Officer**<br>**(principal executive officer)** | *DENISE K. FLETCHER<br>**Denise K. Fletcher**<br>**Director** |
| /S/ JANET BRUTSCHEA HAUGEN<br>**Janet Brutschea Haugen**<br>**Senior Vice President and Chief Financial Officer**<br>**(principal financial officer)** | *CLAYTON M. JONES<br>**Clayton M. Jones**<br>**Director** |
| /S/ SCOTT HURLEY<br>**Scott Hurley**<br>**Vice President and Corporate Controller**<br>**(principal accounting officer)** | *LESLIE F. KEENE<br>**Leslie F. Keene**<br>**Director** |
| *HENRY C. DUQUES<br>**Henry C. Duques**<br>**Lead Director** | *CLAY B. LIFFLANDER<br>**Clay B. Lifflander**<br>**Director** |
| *J. P. BOLDUC<br>**J.P. Bolduc**<br>**Director** | *THEODORE E. MARTIN<br>**Theodore E. Martin**<br>**Director** |
| *JAMES J. DUDERSTADT<br>**James J. Duderstadt**<br>**Director** | *CHARLES B. MCQUADE<br>**Charles B. McQuade**<br>**Director** |
| *MATTHEW J. ESPE<br>**Matthew J. Espe**<br>**Director** | **Paul E. Weaver**<br>**Director** |

*By: /S/ J. EDWARD COLEMAN

**J. Edward Coleman**
**Attorney-in-fact**

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Unisys Corporation:

Under date of February 24, 2010, we reported on the consolidated balance sheets of Unisys Corporation and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity (deficit) and cash flows for the years then ended, as contained in the Annual Report to Stockholders for the year ended December 31, 2009 incorporated in the Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited for the years ended December 31, 2009 and 2008 the related consolidated financial statement schedule referred to in Item 15(2) in this Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 5 to the consolidated financial statements, as of January 1, 2009, the Company adopted a standard which changed the presentation and disclosure of noncontrolling interests in consolidated financial statements, and retroactively adjusted all periods presented in the consolidated financial statements for the change.

KPMG LLP

Philadelphia, Pennsylvania
February 24, 2010

**UNISYS CORPORATION**
**SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS**
**(Millions)**

| Description | Balance at Beginning of Period | Additions Charged to Costs and Expenses | Deductions (1) | Balance at End of Period |
|---|---|---|---|---|
| Year Ended December 31, 2007 | $ 61.2 | $ (6.1) | $ (3.3) | $ 51.8 |
| Year Ended December 31, 2008 | $ 51.8 | $ 7.0 | $ (7.8) | $ 51.0 |
| Year Ended December 31, 2009 | $ 51.0 | $ (1.2) | $ (4.1) | $ 45.7 |

(1) Includes write-off of bad debts less recoveries and foreign currency translation adjustments.

## EXHIBIT INDEX

| Exhibit Number | Description |
|---|---|
| 3.1 | Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999) |
| 3.2 | Certificate of Amendment to Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated October 23, 2009) |
| 3.3 | By-Laws of Unisys Corporation, as amended through December 6, 2007 (incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated December 6, 2007) |
| 4.1 | Agreement to furnish to the Commission on request a copy of any instrument defining the rights of the holders of long-term debt which authorizes a total amount of debt not exceeding 10% of the total assets of the Company (incorporated by reference to Exhibit 4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1982 (File No. 1-145)) |
| 4.2 | Form of Indenture, dated as of March 1, 2003, between Unisys Corporation and HSBC Bank USA (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (Registration No. 333-85650)) |
| 4.3 | Supplemental Indenture, dated as of December 11, 2007, between Unisys Corporation and HSBC Bank USA, National Association (as successor to HSBC Bank USA) (the "Trustee") to the Indenture, dated as of March 1, 2003, between the Company and the Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 6, 2007) |
| 4.4 | Second Supplemental Indenture, dated as of July 30, 2009, between Unisys Corporation and HSBC Bank USA, National Association, as trustee (incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K dated July 31, 2009) |
| 4.5 | Indenture, dated as of July 31, 2009, among Unisys Corporation, the Subsidiary Guarantors named therein and Deutsche Bank Trust Company Americas, as trustee, including the form of 12 3/4% Senior Secured Notes due 2014 (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K dated July 31, 2009) |
| 4.6 | Indenture, dated as of July 31, 2009, among Unisys Corporation, the Subsidiary Guarantors named therein and Deutsche Bank Trust Company Americas, as trustee, including the form of 14 1/4% Senior Secured Notes due 2015 (incorporated by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2009) |
| 10.1 | Unisys Corporation Deferred Compensation Plan as amended and restated effective September 22, 2000 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000) |
| 10.2 | Deferred Compensation Plan for Directors of Unisys Corporation, as amended and restated effective April 22, 2004 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004) |

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|---|---|
| 10.3 | Unisys Corporation Director Stock Unit Plan, as amended and restated, effective September 22, 2000 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000) |
| 10.4 | Unisys Directors Stock Option Plan, as amended and restated effective September 22, 2000 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000) |
| 10.5 | Amendment to Amended and Restated Unisys Directors Stock Option Plan, effective February 12, 2009 (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.6 | Unisys Executive Annual Variable Compensation Plan (incorporated by reference to Exhibit A to the Company's Proxy Statement, dated March 23, 1993, for its 1993 Annual Meeting of Stockholders) |
| 10.7 | 1990 Unisys Long-Term Incentive Plan, as amended and restated effective September 22, 2000 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000) |
| 10.8 | Amendment to Amended and Restated 1990 Unisys Long-Term Incentive Plan, effective February 12, 2009 (incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.9 | Form of Indemnification Agreement between Unisys Corporation and each of its Directors (incorporated by reference to Exhibit B to the Company's Proxy Statement, dated March 22, 1988, for the 1988 Annual Meeting of Stockholders) |
| 10.10 | Form of Executive Employment Agreement (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.11 | Unisys Corporation 2002 Stock Option Plan (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002) |
| 10.12 | Amendment to Unisys Corporation 2002 Stock Option Plan, effective February 12, 2009 (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.13 | Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan, as amended and restated effective January 1, 2009 (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.14 | Amendment to Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan, effective February 12, 2009 (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.15 | Agreement, dated December 22, 2008, between Unisys Corporation and J. Edward Coleman (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |

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|---|---|
| 10.16 | Employment Agreement, dated December 22, 2008, between Unisys Corporation and J. Edward Coleman (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.17 | Agreement, dated December 30, 2008, between Unisys Corporation and Joseph W. McGrath (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.18 | Agreement, dated October 8, 2008, between Unisys Corporation and Greg J. Baroni (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K dated January 29, 2009) |
| 10.19 | 2005 Deferred Compensation Plan for Directors of Unisys Corporation, amended and restated effective January 1, 2005 except at otherwise noted therein (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.20 | Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan, amended and restated effective January 1, 2009 (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.21 | Amendment to Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan, effective February 12, 2009 (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.22 | Unisys Corporation Executive Life Insurance Program, as amended and restated effective April 22, 2004 (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005) |
| 10.23 | Amendment to the Unisys Corporation Executive Life Insurance Program, effective January 1, 2009 (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.24 | Form of Restricted Stock Unit Agreement (incorporated by Reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006) |
| 10.25 | Unisys Corporation Supplemental Executive Retirement Income Plan, as amended and restated effective January 1, 2009 (incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.26 | Unisys Corporation Elected Officer Pension Plan, as amended and restated effective January 1, 2009 (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.27 | Unisys Corporation 2005 Deferred Compensation Plan, as amended and restated effective January 1, 2005 except as otherwise noted therein (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.28 | Unisys Corporation Savings Plan, as amended and restated effective January 1, 2010 |
| 10.29 | Summary of supplemental benefits provided to elected officers of Unisys Corporation (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008) |

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|---|---|
| 10.30 | Agreement dated February 9, 2010 between Unisys Corporation and Richard Marcello (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K dated February 9, 2008) |
| 10.31 | Governance and Cooperation Agreement, dated May 20, 2008, by and among Unisys Corporation, MMI Investments, L.P., MCM Capital Management, LLC, Clay B. Lifflander and Charles B. McQuade (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 20, 2008) |
| 10.32 | Collateral Trust Agreement, dated as of July 31, 2009, among Unisys Corporation, the Subsidiary Guarantors named therein and Deutsche Bank Trust Company Americas, as collateral trustee (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated July 31, 2009). |
| 10.33 | Priority Lien Pledge and Security Agreement, dated as of July 31, 2009, among Unisys Corporation, the Subsidiary Guarantors named therein and Deutsche Bank Trust Company Americas, as collateral trustee, including forms of trademark, copyright and patent security agreements (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K dated July 31, 2009). |
| 10.34 | Junior Lien Pledge and Security Agreement, dated as of July 31, 2009, among Unisys Corporation, the Subsidiary Guarantors named therein and Deutsche Bank Trust Company Americas, as collateral trustee, including forms of trademark, copyright and patent security agreements (incorporated by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K dated July 31, 2009). |
| 10.35 | Registration Rights Agreement, dated as of July 31, 2009, among Unisys Corporation, Goldman, Sachs & Co., Banc of America Securities LLC, and Deutsche Bank Securities Inc.12 (incorporated by reference to Exhibit 10.4 to the registrant's Current Report on Form 8-K dated July 31, 2009). |
| 12 | Computation of Ratio of Earnings to Fixed Charges |
| 13 | Portions of the Company's Annual Report to Stockholders for the year ended December 31, 2009 |
| 21 | Subsidiaries of the Company |
| 23.1 | Consent of KPMG LLP |
| 23.2 | Consent of Ernst & Young LLP |
| 24 | Power of Attorney |
| 31.1 | Certification of J. Edward Coleman required by Rule 13a-14(a) or Rule 15d-14(a) |
| 31.2 | Certification of Janet Brutschea Haugen required by Rule 13a-14(a) or Rule 15d-14(a) |
| 32.1 | Certification of J. Edward Coleman required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 |
| 32.2 | Certification of Janet Brutschea Haugen required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 |

Exhibit 10.28

# UNISYS CORPORATION
# SAVINGS PLAN

Amended and Restated

Effective January 1, 2010

**UNISYS CORPORATION**
**SAVINGS PLAN**

Amended And Restated
Effective January 1, 2010

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UNISYS CORPORATION

SAVINGS PLAN

Amended and Restated

Effective January 1, 2010

# ARTICLE I

## HISTORY AND SCOPE

1.01 History. Unisys Corporation (formerly, Burroughs Corporation), adopted the Burroughs Plan, effective July 1, 1984. Unisys Corporation is successor by merger to Sperry Corporation which, prior to such merger, established and maintained the Sperry Plan. Effective April 1, 1988, the Burroughs Plan and Sperry Plan were merged to form the Plan. The Plan is maintained for the benefit of eligible employees of Unisys Corporation and the eligible employees of its subsidiaries that adopt the Plan.

Effective October 1, 1990, the Company's CTIP was merged into the Plan. Effective November 30, 1992, the RIPII was merged into the Plan. Effective March 31, 1996, the RIP was merged into the Plan.

Effective September 16, 2004, the BCC Retirement Plan was merged into the Plan.

This Plan was amended and restated, effective January 1, 1998, to bring the Plan into compliance with the Uniformed Services Employment and Reemployment Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the IRS Restructuring and Reform Act of 1998, the Internal Revenue Service Restructuring and Reform Act of 1998, the Community Renewal Tax Relief Act of 2000, and all other applicable law as in effect on the effective date of that amendment and restatement of the Plan.

The Plan was amended and restated, effective January 1, 2002, to bring the Plan into compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001, the Job Creation and Worker Assistance Act of 2002, and certain final regulations issued by the Department of Labor and the Department of Treasury.

The Plan was amended and restated, effective January 1, 2006, to reflect changes and clarifications related to the administration of the Plan.

The Plan was amended and restated, generally effective January 1, 2007, to bring the Plan into compliance with certain final regulations issued under sections 401(k) and 401(m) of the Code, and to reflect certain provisions of the Pension Protection Act of 2006, hurricane relief provisions and certain design changes.

The Plan was amended and restated generally effective January 1, 2008, except as otherwise required by law or provided herein, to add additional participating subsidiaries, exclude employees of the Unisys Technical Services division of the Company, and to exclude certain paid, nonworking leave from compensation for Plan purposes.

The Plan is amended and restated generally effective January 1, 2010 except as otherwise required by law or provided herein, to reflect certain requirements of the Pension Protection Act of 2006, the Heroes Earnings Assistance and Relief Tax Act of 2008 and the Worker, Retiree and Employer Recovery Act of 2008 and regulations thereunder; to reflect changes and clarifications related to the administration of the Plan; and to allow Participants who are employed by an Employer domiciled in Puerto Rico to make Tax Deferred Contributions.

1.02 Effective Dates. The original effective date of the Plan was April 1, 1988. This amendment and restatement of the Plan is generally effective January 1, 2010, except as otherwise required by law or provided herein.

1.03 Rights Affected. Unless provided to the contrary herein, the provisions of the Plan shall apply to Employees who are credited with an Hour of Service after December 31, 2009.

1.04 Qualification Under the Internal Revenue Code. It is intended that the Plan be a qualified plan within the meaning of section 401(a) of the Code and that the Trust be exempt from federal income taxation under the provisions of section 501(a) of the Code.

1.05 Qualification under the Puerto Rico Code. It is intended that the Plan meet the requirements for qualification under sections 1165(a) and (e) of the Puerto Rico Code with respect to Employees covered by the Plan who are residents of Puerto Rico.

1.06 Documents. The Plan consists of the Plan document as set forth herein and any subsequent amendments thereto.

## ARTICLE II

## DEFINITIONS

The following words and phrases as used herein have the following meanings unless a different meaning is plainly required by the context:

2.01 "Account" means a Participant's After-Tax Account, ESOP Account, GPEP Account, Regular Account, Tax Deferred Account, Tax Deductible Contribution Account, Qualified Nonelective ESOP Contribution Account, Qualified Nonelective Non-ESOP Contribution Account, or Rollover Account.

2.02 "Actual Contribution Percentage" means, with respect to a Plan Year, the ratio (expressed as a percentage) of the sum of the amount of (a) Matching Contributions, (b) After-Tax Contributions, (c) Qualified Nonelective ESOP Contributions, and (d) Tax Deferred Contributions recharacterized as After-Tax Contributions, made on behalf of the Participant for the Plan Year to the Participant's Testing Compensation for the Plan Year.

2.03 "Actual Deferral Percentage" means, with respect to a Plan Year, the ratio (expressed as a percentage) of the amount of Tax Deferred Contributions made pursuant to Section 4.01(a) and Qualified Nonelective Non-ESOP Contributions made on behalf of the Participant for the Plan Year to the Participant's Testing Compensation for the Plan Year.

2.04 "Administrative Committee" means the committee appointed in accordance with Section 12.02, which is responsible for reviewing and deciding appeals under the Plan.

2.05 "Affiliate" means any entity included with the Employer in (a) a controlled group of employers or trades or businesses within the meaning of section 414(b) or 414(c) of the Code; (b) an affiliated service group within the meaning of section 414(m) of the Code; or (c) a group required to be aggregated pursuant to the regulations under section 414(o) of the Code; provided that any such employer shall be included within the term "Affiliate" only while a member of a group including the Employer. For purposes of Section 5.05, whether a member of a controlled group is an Affiliate shall be determined under section 1563(a) of the Code (as incorporated through application of sections 414(b) and (c) of the Code) by substituting "50%" for "80%" everywhere it appears in section 1563(a) of the Code.

2.06 "After-Tax Account" means a Participant's account to which are credited After-Tax Contributions, if any, and earnings and losses thereon.

2.07 "After-Tax Contribution" means a contribution made by (a) an Employee who is employed by an Employer domiciled in Puerto Rico in accordance with a Participant's salary reduction agreement pursuant to Section 4.02(b), (b) an Employee with respect to a Plan Year beginning before January 1, 1989.

2.08 "Aggregation Group" means the group of qualified plans sponsored by the Employer or by an Affiliate formed by including in such group (a) all such plans in which a Key Employee participates in the Plan Year containing the Determination Date, or any of the four preceding Plan Years, including any frozen or terminated plan that was maintained within the five-year period ending on the Determination Date, (b) all such plans which enable any plan described in clause (a) to meet the requirements of either section 401(a)(4) of the Code or section 410 of the Code, and (c) such other qualified plans sponsored by the Employer or an Affiliate as the Employer elects to include in such group, as long as the group, including those plans electively included, continues to meet the requirements of sections 401(a)(4) and 410 of the Code.

2.09 "Associated Company" means any entity that is not a member of a controlled group of corporations within the meaning of section 1563(a) of the Code (as incorporated through application of sections 414(b) and (c) of the Code), of which the Company is the common parent, but which would be a member of such controlled group of corporations if "50%" were substituted for "80%" everywhere it appears in section 1563(a) of the Code.

2.10 "BCC" means Baesch Computer Consulting.

2.11 "Beneficiary" means (a) the Participant' s Spouse, or (b) the person, persons or trust designated by the Participant, with the consent of his Spouse, if any, as direct or contingent beneficiary. In order to be valid, the Spouse's consent to a Beneficiary other than or in addition to the Participant's Spouse, must be in writing, must consent to the specific Beneficiary designated, must acknowledge the effect of such consent, and must be witnessed by a Plan representative or notary public. If the Participant has no Spouse and no effective beneficiary designation, his Beneficiary shall be the first of the following classes in which there is any person surviving the Participant: (a) the Participant's children, (b) the Participant's parents, and (c) the Participant's brothers and sisters. Unless otherwise provided in the applicable Beneficiary form, if the Participant has no spouse, if none of the foregoing classes include a person surviving the Participant, the Participant's Beneficiary shall be his estate.

2.12 "Benefit Commencement Date" means the first day on which all events have occurred that entitle a Participant to the benefit.

2.13 "Board" means the Board of Directors of the Company.

2.14 "Burroughs Plan" means the Burroughs Employees Savings Thrift Plan, as in effect on March 30, 1988.

2.15 "Code" means the Internal Revenue Code of 1986, as amended.

2.16 "Company" means Unisys Corporation.

2.17 "Compensation" means a Participant's wages or salary paid by an Employer to an Employee, including amounts deducted in accordance with sections 125 or 401(k) of the Code, overtime pay, shift differentials, overseas hardship and war risk premiums, temporary promotional supplements, payments for accrued but unused vacation, commissions paid under the terms of a written ongoing sales commission plan, and paid bonuses paid under the terms of a written ongoing bonus plan approved as such by the Administrative Committee, but excluding any amounts received by an Employee while he is not a Participant, and any other deferred compensation. A Participant's Compensation shall not exceed the dollar limitation in effect under section 401(a)(17) of the Code with respect to any Plan Year. Effective January 1, 2001, "Compensation" shall include amounts deducted from a Participant's wages or salary in accordance with section 132(f)(4) of the Code. Notwithstanding the foregoing, any amounts deducted on a pre-tax basis for group health coverage because the Participant is unable to certify that he or she has other health coverage, so long as the Employer does not otherwise request or collect information regarding the Participant's other health coverage as part of the enrollment process for the Employer's health plan, shall be included as Compensation. Effective January 1, 2007, "Compensation" shall not include payments for "garden leave payments." For purposes of this Section 2.17, "garden leave payments" are certain amounts negotiated under a Participant's termination agreement that are paid during periods when no services are performed by such Participant. Effective for Plan Years beginning after December 31, 2007, Compensation for purposes of this paragraph shall not include any amounts that are excluded from the definition of compensation set forth in section 415(c)(3) of the Code. Effective January 1, 2009, Compensation shall include the amount of any military differential wage payments made by the Employer to a Participant in accordance with section 3401(h) and section 414(u)(12) of the Code.

2.18 "Covered Employee" means any Employee other than:

(a) any Employee who is a member of a collective bargaining unit, unless such collective bargaining agreement provides for the Employee's participation in the Plan;

(b) any Employee who is a nonresident alien of the United States (including the District of Columbia, Puerto Rico, or the Virgin Islands) and who does not receive any United States (including the District of Columbia, Puerto Rico or the Virgin Islands) source income from the Employer;

(c) an Employee who is (1) employed by an overseas subsidiary of an Employer, (2) on temporary assignment to the Employer, and (3) not eligible for participation in a defined benefit plan maintained by the Employer;

(d) any Employee whose terms of employment with the Employer are covered under the Service Contracts Act, the Davis-Bacon Act, or a similar government contracting statute, unless the terms of the statue or government contract expressly provide for participation in this Plan;

(e) any individual who is not an employee of the Employer but who provides services as described in section 414(n)(2) of the Code;

(f) any individual who is classified as an independent contractor by the Employer or any persons who are not treated by the Employer as employees for purposes of withholding federal employment taxes, regardless of (1) how such individual is classified by the Internal Revenue Service, other governmental agency, government or court, or (2) a contrary governmental or judicial determination relating to such employment status or tax withholding;

(g) effective as of September 26, 2006, an Employee who is employed by Unisys Technical Services L.L.C.; and

(h) effective January 1, 2008, an Employee who is employed by the Unisys Technical Services division of the Company.

2.19 "CTIP" means the Convergent Tax Investment Plan, as in effect on September 30, 1990.

2.20 "Determination Date" means the last day of the preceding Plan Year.

2.21 "Distributee" means a Participant, the surviving Spouse of a deceased Participant, or a Participant's Spouse or former Spouse who is an alternate payee under a Qualified Domestic Relations Order.

2.22 "Employee" means (a) an individual who is employed by the Employer, (b) when required by context for purposes of crediting Hours of Service under Section 2.31, a former Employee, and (c) a leased employee as described under section 414(n)(2) of the Code.

2.23 "Employer" means the Company and any Affiliate listed on Appendix A.

2.24 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

2.25 "ESOP Account" means a Participant's account to which are credited Matching Contributions made to the Plan after March 31, 1989, and earnings and losses thereon.

2.26 "ESOP Portion of the Plan" means the portion of the Plan that is both a stock bonus plan and an employee stock ownership plan intended to qualify under sections 401(a) and 4975(e)(7) of the Code, the assets of which are held in the ESOP Account and Qualified Nonelective ESOP Accounts of Participants and invested primarily in shares of Unisys Stock that meet the requirements of section 404(l) of the Code.

2.27 "Fund" means the assets and all earnings, appreciation and additions thereto, less losses, depreciation and any proper payments made by the Trustee, held under the Trust by the Trustee for the exclusive benefit of Participants and their Beneficiaries.

2.28 "Gap Period Income" means the allocable gain or loss for the period between the end of the Plan Year and the date of distribution or forfeiture (or a date that is no more than seven days prior to the date of distribution or forfeiture), with respect to amounts that are distributed or forfeited in accordance with Sections 5.01(b) and 5.06.

2.29 "GPEP Account" means a Participant's account to which are credited GPEP contributions made with respect to Plan Years beginning before January 1, 1998, if any, and earnings and losses thereon.

2.30 "Highly Compensated Employee" means an Employee who either:

(a) was a 5% owner (as defined in section 416(i)(1) of the Code) at any time during the Plan Year for which Highly Compensated Employees are being identified or the preceding Plan Year; or

(b) with respect to the Plan Year preceding the calendar year for which Highly Compensated Employees are being identified both (1) had Testing Compensation in excess of the dollar amount under section 414(q)(1)(B)(i) of the Code, as in effect for such Plan Year, and (2) was in the top 20% of all Employees when ranked on the basis of Testing Compensation.

Solely for Puerto Rico tax purposes, a "Puerto Rico Highly Compensated Employee" means an Employee who is employed by an Employer domiciled in Puerto Rico who is more highly compensated than two-thirds of all other eligible Employees who are employed by an Employer domiciled in Puerto Rico.

2.31 "Hour of Service" means each hour for which an Employee is directly or indirectly paid or entitled to payment by the Company, an Affiliate, or an Associated Company for the performance of Service.

2.32 "Investment Committee" means the Pension Investment Review Committee appointed pursuant to Section 12.02 which is responsible for the control and management of the Investment Funds.

2.33 "Investment Fund" means a fund selected by the Investment Committee in which the Fund or any portion thereof may be invested.

2.34 "Investment Manager" means the individual or entity, if any, selected by the Trustee responsible for the investment of all or a portion of the Fund.

2.35 "Key Employee" means a person employed or formerly employed by the Employer or an Affiliate who, during the Plan Year or during any of the preceding four Plan Years, was any of the following:

(a) an officer of the Employer having annual Testing Compensation of more than $130,000, or such other amount as may be in effect under section 415(1)(A)(i) of the Code;

(b) a 5% owner of the Employer.

(c) a person who is both an employee whose annual Testing Compensation exceeds $150,000 and who is a 5% owner of the Employer.

The Beneficiary of any deceased Participant who was a Key Employee shall be considered a Key Employee for the same period as the deceased Participant would have been so considered.

2.36 "Key Employee Ratio" means the ratio (expressed as a percentage) for any Plan Year, calculated as of the Determination Date with respect to such Plan Year, determined by dividing the amount described in subsection (a) hereof by the amount described in subsection (b) hereof, after deduction from both such amounts of the amount described in subsection (c) hereof.

(a) The amount described in this subsection (a) is the sum of (1) the aggregate of the present value of all accrued benefits of Key Employees under all qualified defined benefit plans included in the Aggregation Group, (2) the aggregate of the balances in all of the accounts standing to the credit of Key Employees under all qualified defined contribution plans included in the Aggregation Group, and (3) the aggregate amount distributed from all plans in such Aggregation Group to or on behalf of any Key Employee during the one-year period ending on the Determination Date. In the case of a distribution made for a reason other than separation from service, death, or disability, clause (3) herein shall be applied by substituting "five-year period" for "one-year period."

(b) The amount described in this subsection (b) is the sum of (1) the aggregate of the present value of all accrued benefits of all Participants under all qualified defined benefit plans included in the Aggregation Group, (2) the aggregate of the balances in all of the accounts standing to the credit of all Participants under all qualified defined contribution plans included in the Aggregation Group, and (3) the aggregate amount distributed from all plans in such Aggregation Group to or on behalf of any Participant during the one-year period ending on the Determination Date. In the case of a distribution made for a reason other than separation from service, death, or disability, clause (3) herein shall be applied by substituting "five-year period" for "one-year period."

(c) The amount described in this subsection (c) is the sum of (1) all rollover contributions (or similar transfers) to plans included in the Aggregation Group initiated by an Employee from a plan sponsored by an employer which is not the Employer or an Affiliate, (2) any amount that would have been included under subsection (a) or (b) hereof with respect to any person who has not rendered service to any Employer at any time during the one-year period ending on the Determination Date, and (3) any amount that is included in subsection (b) hereof for, on behalf of, or on account of, a person who is a Non-Key Employee as to the Plan Year of reference but who was a Key Employee as to any earlier Plan Year.

The present value of accrued benefits under any defined benefit plan shall be determined under the method used for accrual purposes for all plans maintained by the Employer and all Affiliates if a single method is used by all such plans, or otherwise, the slowest accrual method permitted under section 411(b)(1)(C) of the Code.

2.37 "Matching Contribution" means a contribution made by an Employer in accordance with Section 4.03.

2.38 "Non-Highly Compensated Employee" means an Employee other than a Highly Compensated Employee. Solely for Puerto Rico tax purposes, a "Puerto Rico Non-Highly Compensated Employee" means an Employee who is employed by an Employer domiciled in Puerto Rico other than a Puerto Rico Highly Compensated Employee.

2.39 "Non-Key Employee" means any Employee or former Employee who is not a Key Employee as to that Plan Year, or a Beneficiary of a deceased Participant who was a Non-Key Employee.

2.40 "Normal Retirement Age" means age 65.

2.41 "Notice Period" means the period beginning 90 days before and ending 30 days before the Benefit Commencement Date. The 30-day minimum may be waived by a Distributee; provided, however, that with respect to a Participant scheduled to receive his benefit in the form of a Qualified Joint and Survivor Annuity, the minimum Notice Period may not be less than seven days before the date distribution is made.

2.42 "Participant" means a Covered Employee who has met the eligibility requirements of Section 3.01. An individual who is a Participant but who ceases to be a Covered Employee shall nonetheless remain a Participant for purposes of benefit payments only, until all amounts due him under the Plan have been paid.

2.43 "Period of Severance" means a period beginning on the date of an Employee's Severance from Employment and ending on the date on which the Employee again performs an Hour of Service.

Notwithstanding the foregoing, solely for the purpose of determining whether a Period of Severance has occurred, in the case of an absence from employment by reason of the pregnancy of the Employee, the birth of a child of the Employee, the placement of a child with the Employee in connection with the adoption of the child by the Employee or the caring for the child for a period beginning immediately following that birth or placement, the period between the first and second anniversary of the first day of such absence from employment shall neither be construed as a Period of Severance nor a period of Service. In order for an absence to be considered to be for the reasons described in the foregoing sentence, an Employee shall provide the Plan Manager with information regarding the reasons for the absence and the length of the absence. Nothing in this Section 2.43 shall be construed as expanding or amending any maternity or paternity leave policy of an Employer or Affiliate.

2.44 "Plan" means the profit sharing plan, known as the "Unisys Savings Plan" set forth in this document, which includes a stock bonus plan and employee stock ownership plan intended to qualify under sections 401(a) and 4975(e)(7) of the Code, and the related trust agreement pursuant to which the Trust is maintained.

2.45 “Plan Manager” means the individual or individuals responsible for certain matters relating to the administration of the Plan, as described under Article XII.

2.46 “Plan Year” means the calendar year.

2.47 “Prior Plan” means the Burroughs Plan, Sperry Plan, CTIP, RIP, RIPII or BCC Retirement Plan.

2.48 “Puerto Rico Code” means the Puerto Rico Internal Revenue Code of 1994, as amended.

2.49 “Qualified Domestic Relations Order” means a judgment, decree or order that relates to a Participant’s benefit under the Plan and meets the requirements of section 414(p) of the Code.

2.50 “Qualified Joint and Survivor Annuity” means an annuity for the life of the Participant with a survivor annuity for the life of the Participant’s Spouse equal to 50% of the monthly amount payable for the Participant’s life.

2.51 “Qualified Nonelective ESOP Account” means a Participant’s account to which are credited Qualified Nonelective ESOP Contributions, if any, and earnings and losses thereon.

2.52 “Qualified Nonelective ESOP Contribution” means a contribution made by the Employer pursuant to Section 4.05 for purposes of satisfying the requirements of Section 5.04.

2.53 “Qualified Nonelective Non-ESOP Account” means a Participant’s Account to which are credited Qualified Nonelective Non-ESOP Contributions, if any, and earnings and losses thereon.

2.54 “Qualified Nonelective Non-ESOP Contribution” means a contribution made by the Employer pursuant to Section 4.05 for purposes of satisfying the requirements of Section 5.02.

2.55 “Regular Account” means a Participant’s Account to which are credited (a) Matching Contributions made before April 1, 1989, (b) matching contributions made to a Prior Plan (other than CTIP) before April 1, 1989, (c) matching contributions made to the CTIP before October 1, 1990, (d) employee contributions made to the Sperry Plan, and (e) earnings and losses.

2.56 “RIP” means the Unisys Retirement Investment Plan, as in effect on March 31, 1996.

2.57 “RIPII” means the Retirement Investment Plan II, as in effect on November 30, 1992.

2.58 “Rollover Account” means a Participant’s account to which are credited the (a) Participant’s Rollover Contributions, if any, (b) amounts, if any, transferred to a Participant’s Account from a Prior Plan which were derived from such Participant’s rollover contributions to such Prior Plan, and (c) earnings and losses thereon.

2.59 “Rollover Contribution” means a contribution made by a Participant pursuant to Section 4.06.

2.60 “Service” means the periods determined in accordance with the following provisions of this Section 2.60. An Employee’s total period of Service shall be determined from the first date the Employee performs an Hour of Service until the date of his Severance from Employment.

(a) Service shall include:

(1) periods of active employment with the Employer, an Affiliate, or an Associated Company and with any entity that is a predecessor to the Employer;

(2) periods during which no active duties are performed by the Employee for the Company, an Affiliate, an Associated Company, or any entity that is a predecessor to the Employer because the Employee is:

(A) absent from work because of occupational injury or disease incurred in the course of employment with the Company, an Affiliate, or an Associated Company and on account of such absence receives workers’ compensation;

(B) in the service of the Armed Forces of the United States during a period with respect to which an Employer, Affiliate, or an Associated Company is required to give reemployment rights by law, provided the Employee returns to work with the Company, Affiliate, or an Associated Company immediately after the termination of such military service;

(C) absent from work and receives short-term disability benefits under an Employer’s short-term disability plan or other plan of the Company, an Affiliate, or an Associated Company providing similar benefits;

(3) for vesting purposes under the Plan, service performed for the Company, an Affiliate, or an Associated Company in a capacity described under subsection (a), (b), (c), (d), or (e) of Section 2.18, prior to the Employee becoming a Covered Employee;

(b) Service shall exclude service prior to the date on which a business is acquired, merged, consolidated, or otherwise absorbed by the Company, an Affiliate, or an Associated Company, or prior to the date the assets of a business are acquired by the Company, an Affiliate, or an Associated Company, unless otherwise provided herein or authorized by the Company.

(c) Notwithstanding any provision of the Plan to the contrary, if a Participant was a participant in a Prior Plan as of the date of the Prior Plan's merger with and into the Plan, such Participant's Service immediately after such merger shall be the greater of:

(1) the Participant's service under the terms of the Prior Plan immediately prior to the date of such Prior Plan's merger with and into the Plan; or

(2) the Participant's Service determined under the Plan without regard to this subsection (c).

(d) To the extent that a prior period of employment with Burroughs Corporation, Memorex Corporation, System Development Corporation, Sperry Corporation, or any Affiliate of the foregoing corporations was not credited under the terms of a Prior Plan, such period shall be counted as Service under the Plan; provided that the Plan has, or is furnished with, evidence of such prior period of employment.

(e) If an Employee separates from Service but returns to employment with the Employer before incurring a one-year Period of Severance, the period between the date he separated from Service and his date of reemployment by the Company, an Affiliate, or an Associated Company.

2.61 "Severance from Employment" means the earlier of (a) the date an Employee dies or retires, quits or is discharged from the Employer and all Affiliates, or (b) the first anniversary of the date that the Employee is otherwise first absent from work from the Employer and all Affiliates (with or without pay) for any reason; provided, however, that if the Employee's absence is attributable to qualified military service, the Employee shall not be considered to have had a Severance from Employment provided the absent Employee returns to active employment with the Employer or Affiliate. Notwithstanding the foregoing, however, the Severance from Employment of a Participant who incurs a Total Disability shall be the earlier of (a) the date the Participant quits, retires, is discharged or dies, or (b) the date his Total Disability ends, provided he does not return to employment as of date.

2.62 "Sperry Plan" means the Sperry Retirement Program - Part B, as in effect on March 30, 1988.

2.63 "Spouse" means the spouse or surviving spouse of the Participant who is a person of the opposite gender who is the lawful husband or lawful wife of a Participant under the laws of the state or country of the Participant's domicile; provided, however, that a former spouse shall be treated as the Spouse or surviving Spouse to the extent provided under a Qualified Domestic Relations Order.

2.64 "Tax Deductible Contribution Account" means a Participant's account to which are credited tax deductible contributions, if any, made to the Plan before April 1, 1989, and earnings and losses thereon.

2.65 “Tax Deferred Account” means a Participant’s account to which are credited (a) Tax-Deferred Contributions, if any, (b) tax deferred contributions made under a Prior Plan and transferred to the Plan, (c) basic member contributions, if any, made under the Sperry Plan and transferred to the Plan, and (d) earnings and losses thereon.

2.66 “Tax Deferred Contribution” means a contribution made by an Employer in accordance with a Participant’s salary reduction agreement pursuant to Section 4.01(a).

2.67 “Termination of Employment” means an Employee’s cessation of employment with the Company and all Affiliates and Associated Companies as a result of quitting, retirement, discharge, release or placement on extended lay-off with no expectation of recall, or failure to return to active employment upon expiration of an approved leave of absence.

2.68 “Testing Compensation” means the total of a Participant’s wages, salary and other amounts paid by an Employer and reported in Internal Revenue Service Form W-2 (or Form 499R-2/W-2PR in the case of a Participant who is employed by an Employer domiciled in Puerto Rico), and any amounts deferred under section 402(g)(3) or 125 of the Code and, effective January 1, 2001, section 132(f)(4) of the Code; provided, however, for purposes of Sections 5.02, 5.03, 5.04 and 5.05, the Administrative Committee may elect to exclude amounts deducted in accordance with sections 125, 132(f)(4), and 402(e)(3) of the Code as Testing Compensation. Notwithstanding the foregoing, any amounts deducted on a pre-tax basis for group health coverage because the Participant is unable to certify that he or she has other health coverage, so long as the Employer does not otherwise request or collect information regarding the Participant’s other health coverage as part of the enrollment process for the Employer’s health plan, shall be included as Testing Compensation. Effective January 1, 2008, Compensation for purposes of this Section shall include regular pay as described in Treasury Regulation section 1.415(c)-(2)(e)(3)(ii) if paid by the end of the Limitation Year that includes the Employee’s termination of employment, or if later, 2-1/2 months after the Employee’s termination of employment (“the Post-Termination Period”). Any payments not described in the foregoing sentence shall not be considered Compensation if paid after termination of employment, even if they are paid within the Post Termination Period. Only the first $230,000, as adjusted in accordance with section 401(a)(17)(B) of the Code and the regulations thereunder, of the amount otherwise described in this Section shall be counted on or after January 1, 2008. Effective January 1, 2009, Testing Compensation shall include the amount of any military differential wage payments made by the Employer to a Participant in accordance with section 3401(h) and section 414(u)(12) of the Code.

2.69 “Total Disability” means a condition resulting from injury or sickness that, in the judgment of the Administrative Committee or its designee:

(a) with regard to the first 24-months of an absence from Service due to a condition resulting from the injury or sickness, constitutes a condition likely to render the Participant unable to perform each of the material duties of his regular occupation; and

(b) with regard to the period of an absence from Service due to a condition resulting from the injury or sickness after the initial 24-months of such absence, constitutes a condition which renders the Participant unable to perform the material duties of any occupation for which he is reasonably fitted by training, education or experience.

Notwithstanding the foregoing, however, in no event shall a Participant be deemed to have incurred a Total Disability until he has exhausted all benefits available under his Employer's short-term disability plan or other plan providing short term disability benefits. For purposes of this Section 2.69, a determination of a Participant's disabled status under the Unisys Long-Term Disability Plan or similar long-term disability plan sponsored by an Employer shall be deemed a conclusive and binding determination of the Participant's Total Disability status under the Plan.

2.70 "Trust" means the legal entity created by the trust agreement between the Employer and the Trustee, fixing the rights and liabilities with respect to controlling and managing the Fund for the purposes of the Plan.

2.71 "Trustee" means the party or parties appointed by the Board of Directors as trustee of the Trust and named as trustee pursuant to the Trust Agreement or any successors thereto.

2.72 "Unisys Stock" means Unisys Corporation common stock, par value $0.01 per share.

2.73 "Valuation Date" means each day of each calendar year.

ARTICLE III

ELIGIBILITY FOR PARTICIPATION

3.01 Eligibility Requirement. An Employee shall be eligible to become a Participant if he is a Covered Employee.

3.02 Participation Commencement Date. Each Covered Employee who was a Participant as of December 31, 2009, shall continue to be a Participant on January 1, 2010, if he is then a Covered Employee. Each other Covered Employee shall be a Participant on his first day of employment as a Covered Employee.

3.03 Time of Participation-Excluded Employees. An Employee who is ineligible to be a Participant because he is not a Covered Employee, shall become a Participant as of the first day on which he becomes a Covered Employee. A Participant shall cease to be an active Participant on any date on which he ceases to be a Covered Employee; however, a Participant who ceases to be a Covered Employee will remain a Participant for distribution purposes under the Plan until such time as he no longer has a vested interest under the Plan.

ARTICLE IV

CONTRIBUTIONS

4.01 Tax Deferred Contributions.

(a) (1) Subject to the limitations contained in Article V, each Employer shall make a Tax Deferred Contribution for the Plan Year to the Tax Deferred Account of each of its Covered Employees who, with respect to such Plan Year is a Participant and has filed a salary reduction notice with the Employer that provides for a reduction in Compensation otherwise payable to the Participant by a designated whole percentage that does not exceed the limit described in paragraph (2), and a contribution of that amount by the Employer to the Participant's Tax Deferred Account.

(2) The amount of the Tax Deferred Contribution made for a Participant with respect to any Plan Year pursuant to this subsection (a) shall be the amount specified in the salary reduction notice. The percentage specified shall be a whole percentage of the Participant's Compensation not to exceed (A) 30% with respect to a Participant who is a Non-Highly Compensated Employee, (B) 10% with respect to a Participant who is a Highly Compensated Employee or a Non-Highly Compensated Employee that is employed by an Employer domiciled in Puerto Rico, or (C) 18% with respect to a Participant who is a Highly Compensated Employee. The Plan Manager may, in its discretion, increase or decrease the maximum permissible amount of Tax Deferred Contributions at any time and from time to time as it deems appropriate. Any salary reduction notice shall relate only to Compensation as yet unearned when the notice is filed and may not be amended during the period to which it pertains, except that it may be terminated as to amounts unearned at the date of a Participant's Termination of Employment.

(b) Each Employer shall make an additional Salary Deferral Contribution for the Plan Year to the Tax Deferred Account of each of its Covered Employees who, with respect to such Plan Year is a Participant, is age 50 or older as of the last day of the Plan Year, and has elected, in accordance with procedures established by the Administrative Committee and subject to any limitations imposed by the Administrative Committee, to make an additional Salary Deferral Contribution in an amount not to exceed $1,000 for the Plan Year (or such other amount as may be applicable under section 414(v) of the Code or section 1165(e)(7)(C) of the Puerto Rico Code), reduced by, to the extent required by the Code and applicable Treasury regulations, any other elective deferrals contributed on the Participant's behalf pursuant to section 414(v) of the Code (or section 1165(e)(7)(C) of the Puerto Rico Code) for the Plan Year; provided, however, that elective deferrals shall be treated for all Plan purposes as contributed under subsection (a) above in lieu of this subsection, unless the Participant is unable to make additional Salary Deferral Contributions under subsection (a) above for the Plan Year due to limitations imposed by the Plan or applicable federal law.

(c) Salary reduction notices pursuant to this Section 4.01 must be made within the time prescribed by the Administrative Committee and shall become effective in accordance with the rules and procedures established by the Administrative Committee.

(d) Subject to, and in accordance with, the rules and procedures established by the Administrative Committee, a Participant may elect to change, discontinue, or resume the percentage of Compensation under his salary reduction notice. All such elections shall become effective in accordance with the rules and procedures established by the Administrative Committee.

4.02 After-Tax Contributions.

(a) A Participant may make After-Tax Contributions to the Plan by filing a salary reduction notice authorizing the Employer to reduce the after-tax Compensation otherwise payable to the Participant by a designated whole percentage (up to the limit specified in subsection (b)), and deposit such amounts into the Participant's After-Tax Contribution Account.

(b) The amount of the After-Tax Contribution made by a Participant with respect to any Plan Year shall be the amount specified in the salary reduction notice. The percentage specified shall be a whole percentage not to exceed the following:

(1) with respect to any Participant who is not employed by an Employer domiciled in Puerto Rico, 6% of the Participant's Compensation; and

(2) with respect to any Participant who is employed by an Employer domiciled in Puerto Rico, 10% of such Participant's aggregate Compensation for each year such Participant is eligible to participate in the Plan.

Any salary reduction notice shall relate only to Compensation as yet unearned when the notice is filed and may not be amended during the period to which it pertains, except that it may be terminated as to amounts unearned at the date of a Participant's Termination of Employment.

(c) Salary reduction notices pursuant to this Section 4.05 must be made within the time prescribed by the Administrative Committee and shall become effective in accordance with the rules and procedures established by the Administrative Committee.

(d) Subject to, and in accordance with, the rules and procedures established by the Administrative Committee, a Participant may elect to change, discontinue, or resume the percentage of Compensation under his salary reduction notice. All such elections shall become effective in accordance with the rules and procedures established by the Administrative Committee.

4.03 Matching Contributions. Subject to the limitations in Article V, each Employer may make a Matching Contribution for each Plan Year to the ESOP Account of each of its Covered Employees who, with respect to such Plan Year, is a Participant and has filed a salary reduction notice in accordance with Section 4.01. In addition, subject to the limitations in Article V, each Employer domiciled in Puerto Rico may make a Matching Contribution for each Plan Year to the ESOP Account of each of its Covered Employees who made Tax Deferred Contributions with respect to such Plan Year. If Matching Contributions are made under the Plan, such Matching Contributions shall be in an amount determined in accordance with subsections (a) and (b) below.

(a) Subject to the minimum set forth in subsection (b),

(1) With respect to a Participant whose employment is not subject to a collective bargaining agreement or whose collective bargaining agreement provides that such Participant shall be treated in the same manner as a non-union Employee, the amount of the Matching Contribution made in accordance with this Section 4.03 with respect to each pay period in the Plan Year commencing January 1, 2007 and prior to January 1, 2009 shall be an amount equal to 100% of the first 6% of Compensation contributed as a Tax Deferred Contribution made pursuant to Section 4.01(a); provided, that the maximum Matching Contribution payable to a Participant shall not equal more than 6% of such Participant's Compensation for the period. No Matching Contribution shall be made on or after January 1, 2009.

(2) With respect to a Participant not described in Section 4.03(a)(1), for Plan Years commencing prior to January 1, 2009, the amount of the Matching Contribution made in accordance with this Section 4.03 with respect to each pay period in the Plan Year shall be an amount equal to 50% of the first 4% of Compensation contributed as a Tax Deferred Contribution made pursuant to Section 4.01(a); provided, that the maximum Matching Contribution payable to a Participant shall not equal more than 2% of such Participant's Compensation for the period. No Matching Contribution shall be made on or after January 1, 2009.

(b) Notwithstanding anything in subsection (a) to the contrary:

(1) each Participant who was employed by an Employer at any time during the period beginning July 1, 1998 and ending December 31, 1998 who had Tax Deferred Contributions made on his behalf for the Plan Year ending December 31, 1998 shall receive a minimum Matching Contribution for such Plan Year in an amount equal to the lesser of:

(A) 1% of the Participant's Compensation not in excess of $80,000 for the period July 1, 1998 through December 31, 1998; or

(B) 25% of the total of the Tax Deferred Contributions made on behalf of the Participant for the Plan Year (regardless of when the Tax Deferred Contributions were made during such Plan Year).

(2) for periods on or after January 1, 1999 but prior to January 1, 2009, each Participant who was employed by an Employer on December 31 of a Plan Year beginning on or after January 1, 1999 and who had Tax Deferred Contributions made on his behalf shall receive a minimum Matching Contribution, in accordance with procedures adopted by the Administrative Committee, in an amount, when added to the Matching Contributions made on behalf of such Participant (before application of this paragraph), equal to (a) in the case of a Participant whose employment is not subject to a collective bargaining agreement or whose collective bargaining agreement provides that such Participant shall be treated in the same manner as a non-union Employee, 6% of the Participant's Compensation not in excess of the limit described in section 401(a)(17) of the Code as in effect with respect to such Plan Year, or (b) in the case of a Participant not described in the preceding subsection (a), the lesser of:

(A) 2% of the Participant's Compensation not in excess of the limit described in section 401(a)(17) of the Code as in effect with respect to such Plan Year; or

(B) 50% of the total of the Tax Deferred Contributions made on behalf of the Participant for the Plan Year.

4.04 GPEP Contributions. No contributions may be made to an individual's GPEP Account with respect to any Plan Year beginning on or after January 1, 1998. Amounts, if any, allocated to a Participant's GPEP Account prior to January 1, 1998 shall continue to be held in the GPEP Account until distributed in accordance with the terms of the Plan.

4.05 Qualified Nonelective Contributions. Subject to the limitations described in Article V, each Employer shall make a Qualified Nonelective Non-ESOP Contribution, a Qualified Nonelective ESOP Contribution, or both in such amount, if any, as the Board shall determine. Qualified Nonelective Non-ESOP Contributions made by an Employer shall be allocated to the Qualified Nonelective Non-ESOP Account of its employees who are both Participants and Non-Highly Compensated Employees. Qualified Nonelective ESOP Contributions made by an Employer shall be allocated to the Qualified Nonelective ESOP Account of its employees who are both Participants and Non-Highly Compensated Employees.

4.06 Rollover Contributions. With the approval of the Plan Manager, a Participant may contribute to a Rollover Account all or a portion of the amount payable to the Participant as an eligible rollover distribution from an eligible retirement plan (as defined under section 401(a)(31) of the Code). Any payment to the Plan pursuant to this Section 4.06 shall be made as a direct rollover that satisfies section 401(a)(31) of the Code or shall be made to the Plan within 60 days after the Participant's receipt of the distribution from the plan or individual retirement account in such manner as may be approved by the Plan Manager. Notwithstanding the foregoing, with the approval of the Plan Manager, a Participant who is employed by an Employer domiciled in Puerto Rico may only contribute to a Rollover Account all the amount payable to the Participant as an eligible rollover distribution from an eligible retirement plan (as defined under both sections 401(a)(31) of the Code and 1165(a) of the Puerto Rico Code).

4.07 Contribution Attributable to Military Service. If a Participant returns to employment with the Employer following a period of service in the Armed Forces of the United States for which an Employer is required to give reemployment rights by law, the Employer contributions to the Plan with respect to such period shall be as follows:

(a) During the period that begins on the date of the Participant's return to employment and lasts for the lesser of (1) the product of 3 multiplied by the applicable period of military service; or (2) five years, the Participant may elect a Compensation reduction in return for the corresponding Tax Deferred Contributions on his behalf, or After-Tax Contributions, as applicable, that could have been made if the Participant had continued to be employed and received Compensation during the applicable period of military service.

(b) The Employer shall contribute to the Plan, on behalf of each Participant who has been credited under subsection (a) with Tax Deferred Contributions or After-Tax Contributions, Matching Contributions equal to the amount of Matching Contribution that would have been required under Section 4.03 had such Tax Deferred or After-Tax Contributions, as applicable, been made during the applicable period of military service.

A Participant who is entitled to a contribution pursuant to this Section 4.07 shall not be entitled to receive corresponding retroactive earnings attributable to such contribution nor shall he be entitled to participate in the allocation of any forfeiture that occurred during his period of military service. For purposes of this Section 4.07, an Employee's Compensation for the applicable period of military service shall be deemed to equal the amount of Compensation the Employee would have received from the Employer during such period, based on the rate of pay the Employee would have received from the Employer but for the absence due to military service, or, if such rate of pay is not reasonably certain, the Employee's average Compensation during the 12-month period immediately before the qualified military service or, if shorter, the period of employment immediately before the qualified military service. The limitations under Sections 5.01 and 5.05 are applicable to contributions made pursuant to this Section 4.07 for the Plan Year to which the contributions relate. The limitations under Sections 5.02, 5.03 and 5.04 shall not apply to contributions made pursuant to subsections (a) or (b) of this Section 4.07.

4.08 Allocation of Payments Relating to Executive Life Insurance Company Insolvency. To the extent the Plan is paid any amount from a state guaranty association with regard to the insolvency of Executive Life Insurance Company in 1991, such amount shall be allocated on a pro rata basis, in accordance with procedures adopted by the Plan Manager to the Accounts of any Participant who (a) resided in such state on the applicable trigger date for coverage under the state's guaranty association statute, and (b) had any portion of his Accounts invested, as of April 11, 1991, in a fund that held an Executive Life Insurance Company guaranteed investment contract. The specific Accounts to which a Participant's allocation shall be credited shall be the Accounts which were invested in the guaranteed investment contract.

4.09 Form and Timing of Contributions. Contributions shall be made to the Fund as soon as administratively practicable after the close of the payroll period to which they relate. In no event, however, shall Tax Deferred and After-Tax Contributions be made to the Fund later than the date prescribed under applicable regulations. In no event shall Matching Contributions be made to the Fund later than the last date on which amounts so paid may be deducted for federal income tax purposes by the contributing Employer (or for Puerto Rico income tax purposes, in the case of a contributing Employer domiciled in Puerto Rico) for the taxable year in which the Plan Year ends. Generally, contributions shall be made in cash; provided, however, that Matching Contributions may be made in the form of Unisys Stock or cash, as determined by the Company in its sole discretion. The value of the Unisys Stock contributed as Matching Contributions shall be equal to the fair market value of such stock at the time of the market closing on the date such Matching Contributions is actually made to the Fund.

4.10 Recovery of Employer Contributions. The Employer may recover its contributions under the Plan as follows:

(a) if a contribution is made by an Employer under a mistake of fact, the excess of the amount contributed over the amount that would have been contributed had there not occurred a mistake of fact may be recovered by the Employer within one year after payment of the contribution; or

(b) if the contribution is conditioned upon its deductibility under section 404 of the Code, the contribution may be recovered, to the extent a deduction is disallowed, within one year after the disallowance.

Earnings attributable to an excess contribution may not be recovered by the Employer. Any losses attributable to the excess contribution shall reduce the amount the Employer may recover.

## ARTICLE V

## LIMITATIONS ON EMPLOYER CONTRIBUTIONS

5.01 Dollar Limitation on Tax Deferred Contributions.

(a) The Tax Deferred Contribution made on behalf of a Participant who is not employed by an Employer domiciled in Puerto Rico pursuant to Section 4.01(a) for a calendar year shall not exceed the dollar limit specified under section 402(g) of the Code. The Tax Deferred Contribution made on behalf of a Participant who is employed by an Employer domiciled in Puerto Rico pursuant to Section 4.01(a) for a calendar year shall not exceed $9,000, as adjusted in accordance with Section 1165(e)(7)(A) of the Puerto Rico Code. These dollar limits shall be reduced by the amount, if any, contributed on behalf of the Participant under any other qualified cash or deferred arrangement, simplified employee pension or annuity established under section 403(b) of the Code for the calendar year, other than elective deferral contributions made pursuant to section 414(v) of the Code (or section 1165(e)(7)(C) of the Puerto Rico Code).

(b) In the event that the dollar limit described in subsection (a) is exceeded for a Participant, the Plan Manager shall direct the Trustee to distribute by April 15 of the following calendar year, the amount of excess Tax Deferred Contributions, plus earnings thereon. The earnings and losses allocable to such excess Tax Deferred Contributions shall include earnings for the Plan Year for which the excess Tax Deferred Contributions were made and, for amounts contributed for Plan Years before January 1, 2008, for the period between the end of such Plan Year and the date of the distribution. The earnings and losses allocable to excess Tax Deferred Contributions shall be equal to the allocable earnings and losses for the Plan Year plus the Gap Period Income and shall be determined as of a date that is no more than seven days prior to the date of distribution. Effective with respect to Tax Deferred Contributions that are contributed to the Plan in any Plan Year commencing January 1, 2008 or later, any distribution of excess Tax Deferred Contributions pursuant to this subsection (b) shall include the income, if any, allocable to such excess Tax Deferred Contributions, determined as of the last day of the Plan Year preceding such distribution without regard to Gap Period Income.

(c) The Participant shall forfeit any Matching Contributions (excluding Matching Contributions forfeited or distributed pursuant to the provisions of Sections 5.03, 5.04(b)(4) and (5)) and earnings, allocated to him or her by reason of the distributed Tax Deferred Contributions.

5.02 Limitation on Tax Deferred Contributions for Highly Compensated Employees.

(a) For each Plan Year the average of the Actual Deferral Percentages for Participants who are Highly Compensated Employees shall be compared to the average of the Actual Deferral Percentages for the other Participants for the preceding Plan Year; the average of the Actual Deferral Percentages for Participants who are Highly Compensated Employees shall not exceed the greater of:

(1) the average of the Actual Deferral Percentages for Participants who are Non-Highly Compensated Employees for the preceding Plan Year, multiplied by 1.25; or

(2) the lesser of:

(A) the average of the Actual Deferral Percentages for Participants who are Non-Highly Compensated Employees for the preceding Plan Year multiplied by two, or

(B) the average of the Actual Deferral Percentages for Participants who are Non-Highly Compensated Employees for the preceding Plan Year plus two.

In the event that the Plan satisfies the requirements of section 401(a)(4), 401(k) or 410(b) of the Code only if aggregated with one or more other qualified retirement plans, or if one or more other qualified retirement plans satisfy the requirements of these sections only if aggregated with the Plan, then this subsection (a) shall be applied as if all such plans were a single plan.

(b) If in the Plan Year, the average of the Actual Deferral Percentages for Participants who are Highly Compensated Employees exceeds the limit in subsection (a) for a Plan Year, the Plan Manager shall:

(1) determine the amount by which the Actual Deferral Percentage for Highly Compensated Employee or Employees with the highest Actual Deferral Percentage or Percentages for the Plan Year would need to be reduced to comply with the limit in subsection (a);

(2) convert the excess percentage amount determined under clause (1) into a dollar amount; and

(3) reduce the Tax Deferred Contributions of the Highly Compensated Employee with the greatest dollar amount of Tax Deferred Contributions made on their behalf with respect to the Plan Year pursuant to Section 4.01(a) by the lesser of (A) the amount by which the dollar amount of the affected Highly Compensated Employee's Tax Deferred Contributions made pursuant to Section 4.01(a) exceeds the dollar amount of the Highly Compensated Employee with the next highest dollar amount of Tax Deferred Contributions made pursuant to Section 4.01(a), or (B) the amount of the excess dollar amount determined under clause (2); and

(4) either:

(A) direct the Trustee to return the excess Tax Deferred Contributions, as adjusted in accordance with subsection (d), to the individuals from whose Accounts the excess Tax Deferred Contributions were obtained within two and one-half months following the close of the Plan Year, if administratively practicable, but in no event later than the close of the following Plan Year;

(B) recharacterize the Tax Deferred Contribution as an After-Tax Contribution, to the extent permitted by the applicable Treasury regulations, no later than two and one-half months following the close of the Plan Year; or

(C) make Qualified Nonelective Non-ESOP Contributions, as described under Section 4.05, to the extent necessary to satisfy subsection (a).

(c) To the extent that a Matching Contribution relates to excess Tax Deferred Contributions returned or recharacterized pursuant to subsection (b)(4), such Matching Contributions, as adjusted in accordance with subsection (d), shall be forfeited immediately. Amounts forfeited during the Plan Year shall be used to reduce future Matching Contributions made by the Employer.

(d) The excess Tax Deferred Contributions returned or recharacterized pursuant to subsection (b), and any Matching Contributions forfeited pursuant to subsection (c) shall be adjusted for any income or loss thereon up to the date of distribution or forfeiture, as applicable, using the Plan's method for allocating income and loss as provided under Section 5.06.

(e) The amount of the excess Tax Deferred Contributions to be returned pursuant to subsection (b) for a Plan Year shall be reduced by the amount of excess Tax Deferred Contributions previously distributed to the Highly Compensated Employee pursuant to Section 5.01(b) for such Employee's taxable year ending on or within the Plan Year for which the excess Tax Deferred Contributions are returned pursuant to subsection (b).

5.03 Limitation on Tax Deferred Contributions for Puerto Rico Highly Compensated Employees.

(a) The provisions of this Section 5.03 shall apply solely for Puerto Rico tax qualification purposes. For each Plan Year the average of the Actual Deferral Percentages for Participants who are Puerto Rico Highly Compensated Employees shall be compared to the average of the Actual Deferral Percentages for the other Participants who are employed by an Employer domiciled in Puerto Rico for the preceding Plan Year; the average of the Actual Deferral Percentages for Participants who are Puerto Rico Highly Compensated Employees shall not exceed the greater of:

(1) the average of the Actual Deferral Percentages for Participants who are Puerto Rico Non-Highly Compensated Employees for the preceding Plan Year, multiplied by 1.25 or

(2) the average of the Actual Deferral Percentages for Participants who are Puerto Rico Non-Highly Compensated Employees for the preceding Plan Year, multiplied by two; provided that the average of the Actual Deferral Percentages for Participants who are Puerto Rico Highly Compensated Employees does not exceed the average of the Actual Deferral Percentages for Participants who are Puerto Rico Non-Highly Compensated Employees by more than two percentage points.

(b) For purposes of this Section 5.03, "Actual Deferral Percentage" shall mean the ratio (expressed as a percentage) of Tax-Deferred Contributions on behalf of the Participant for the Plan Year to the Participant's Compensation for the Plan Year. The average Actual Deferral Percentage means the average (expressed as a percentage) of the Actual Deferral Percentages of the Participants in a group. "Participant" for purposes of this Section means a Covered Employee, regardless of whether he elects to participate. "Compensation" for purposes of this Section 5.03 means all the compensation received during the Plan Year by the Participant from the Employer that is currently includible in gross income for income tax purposes (including income attributable to non-qualified stock options or incentive stock options, regardless of whether such income is includible in gross income for the Plan Year in which the option is granted). "Compensation" for purposes of this Section 5.03 includes the amount of any Tax-Deferred Contributions made by a Covered Employee during a Plan Year. However, "Compensation" for purposes of this Section 5.03 shall not include any amounts received while a Covered Employee is not a Participant.

(c) For purposes of this Section 5.03, the Actual Deferral Percentage for any Participant who is a Puerto Rico Highly Compensated Employee for the Plan Year and who is eligible to have Tax Deferred Contributions allocated to his Account under two or more plans or arrangements described in Section 1165(e) of the Puerto Rico Code that are maintained by the Employer or an Affiliate of the Employer shall be determined as if all such Tax Deferred Contributions were made under a single arrangement.

(d) The determination and treatment of the Tax Deferred Contributions and Actual Deferral Percentage of any Participant shall satisfy such other requirements as may be prescribed under the Puerto Rico Code and by the Puerto Rico Treasury Department.

(e) In the event it is determined that the amount of Tax Deferred Contributions (and any related income) which causes the limits of this Section 5.03 to be exceeded is to be recharacterized as After-Tax Contributions or refunded to individual Puerto Rico Highly Compensated Employees, such recharacterization or refund shall be determined by reducing the Tax Deferred Contributions of the Puerto Rico Highly Compensated Employee with the highest actual deferral ratio by the amount required to cause such Employee's Actual Deferral Percentage to equal the ratio of the Puerto Rico Highly Compensated Employee with the next highest Actual Deferral Percentage. This process will be repeated until the Actual Deferral Percentage test is met. Any other method permitted by government law or regulation can also be used. Any recharacterization of Tax Deferred Contributions must be made within two and a half months following the close of the Plan Year to which the recharacterized Tax-Deferred Contributions relate. Any amounts of Tax-Deferred Contributions (and any related income) recharacterized as After-Tax Contributions shall be subject to the provisions in Article X that are applicable to Tax Deferred Contributions. Any refunds of Tax Deferred Contributions (and any related income) under this subsection (e) shall be made no later than the end of the Plan Year following the close of the Plan Year for which the limits in this Section 5.03 are exceeded.

(f) In lieu of distributing excess Tax Deferred Contributions as provided in subsection (e), the Plan Manager may make Qualified Nonelective Non-ESOP Contributions, as described under Section 4.05, to the extent necessary to satisfy subsection (a).

5.04 Limitation on After-Tax Contributions and Matching Contributions for Highly Compensated Employees.

(a) For each Plan Year the average of the Actual Contribution Percentages for Participants who are Highly Compensated Employees shall be compared to the average of the Actual Contribution Percentages for the other Participants; the average of the Actual Contribution Percentages for Participants who are Highly Compensated Employees shall not exceed the greater of:

(1) the average of the Actual Contribution Percentages for Participants who are Non-Highly Compensated Employees for the preceding Plan Year multiplied by 1.25; or

(2) the lesser of:

(A) the average of the Actual Contribution Percentages for Participants who are Non-Highly Compensated Employees for the preceding Plan Year multiplied by two, or

(B) the average of the Actual Contribution Percentages for Participants who are Non-Highly Compensated Employees for the preceding Plan Year plus two.

In the event that the Plan satisfies the requirements of section 401(a)(4), 401(m) or 410(b) of the Code only if aggregated with one or more other qualified retirement plans, or if one or more other qualified retirement plans satisfy the requirements of these sections only if aggregated with the Plan, then this subsection (a) shall be applied as if all such plans were a single plan.

(b) If in any Plan Year the average of the Actual Contribution Percentages for Participants who are Highly Compensated Employees exceeds the limit in subsection (a) for a Plan Year, the Administrative Committee shall:

(1) determine the amount by which the Actual Contribution Percentage for Highly Compensated Employee or Employees with the highest Actual Contribution Percentage or Percentages for the Plan Year would need to be reduced to comply with the limit in subsection (a);

(2) convert the excess percentage amount determined under clause (1) into a dollar amount; and

(3) reduce the After-Tax Contributions (including any Tax Deferred Contributions recharacterized as After-Tax Contributions pursuant to Section 5.02(b)(4)(B)) and then, to the extent necessary, the Matching Contributions of the Highly Compensated Employee with the greatest dollar amount of aggregate After-Tax and Matching Contributions made on their behalf with respect to the Plan Year by the lesser of (A) the amount by which the dollar amount of the affected Highly Compensated Employee's aggregate After-Tax and Matching Contributions exceeds the dollar amount of the Highly Compensated Employee with the next highest dollar amount of After-Tax and Matching Contributions, or (B) the amount equal to the excess dollar amount determined under clause (2); and

(4) either:

(A) direct the Trustee to return the excess After-Tax Contributions and vested Matching Contributions, as adjusted in accordance with subsection (c), to the individuals from whose Accounts the excess Matching Contributions were obtained within two and one-half months following the close of the Plan Year, if administratively practicable, but in no event later than the close of the following Plan Year; or

(B) make Qualified Nonelective Non-ESOP Contributions, as described under Section 4.05, to the extent necessary to satisfy the limit under subsection (a); and

(5) direct the Trustee to forfeit the excess unvested Matching Contributions, as adjusted in accordance with subsection (c), to the individuals from whose Accounts the excess Matching Contributions were obtained. Amounts forfeited during the Plan Year shall be used to reduce future Matching Contributions made by the Employer.

(c) To the extent that a Matching Contribution relates to excess After-Tax Contributions returned pursuant to subsection (b)(4), such Matching Contributions, as adjusted in accordance with subsection (d), shall be forfeited immediately. Amounts forfeited during the Plan Year shall be used to reduce future Matching Contributions made by the Employer.

(d) The excess After-Tax and Matching Contributions returned or recharacterized pursuant to subsection (b) shall be adjusted for any income or loss thereon up to the date of the distribution or forfeiture, as applicable, using the Plan's method for allocating income and loss as provided under Section 5.06.

(e) Notwithstanding anything in this Section 5.04 to contrary, the provisions of this Section 5.04 shall be applied separately to the After-Tax Contributions of Employees in Puerto Rico by taking into account only such After-Tax Contributions and, to the extent permitted by applicable Treasury regulations, any Tax Deferred Contributions or Qualified Nonelective Non-ESOP Contributions or under any other plan maintained by an Employer or an Affiliate that is or could be aggregated with the non-ESOP Portion of the Plan for purposes of section 410(b) of the Code. For purposes of this subsection (e), only Employees in Puerto Rico shall be treated as Employees. In the event that such After-Tax Contributions fail to satisfy the limit under subsection (a) for any Plan Year, the Plan Manager shall correct such failure in a manner comparable to one or more of the correction methods described in paragraph (4) of subsection (b).

5.05 Limitations on Allocations.

(a) The maximum allowable addition to any Participant's Accounts for any Plan Year shall be the lesser of:

(1) $40,000 (as adjusted under section 415(d) of the Code); or

(2) 100% of the Participant's Testing Compensation for the Plan Year.

For purposes of this Section 5.05, an addition shall not include Tax Deferred Contributions made pursuant to Section 4.01(b) and Rollover Contributions but shall include all other contributions and forfeitures allocated to a Participant's Accounts for the Plan Year, and all contributions and forfeitures under any other defined contribution plan of the Company or an Affiliate (other than elective deferral contributions made pursuant to section 414(v) of the Code).

(b) If the addition to any Participant's Accounts (other than his Rollover Account) for any Plan Year exceeds the maximum annual allowable addition to such Participant's Accounts under subsection (a), then the excess amount shall be eliminated by reducing the additions made to such Participant's account, by first reducing the Participant's After-Tax Contributions and related Matching Contributions to the extent necessary or, if less, to the extent the After-Tax Contributions made with respect to the Plan Year are exhausted. To the extent there is an excess remaining after this reduction, the Tax Deferred Contributions and related Matching Contributions made on behalf of such Participant shall be reduced. To the extent that an excess remains after this reduction, the Matching Contribution of the Participant shall be reduced. Any After-Tax or Tax Deferred Contributions reduced pursuant to this subsection (b) shall be returned to the Participant. Any Matching Contributions reduced pursuant to this subsection (b) shall be held in a suspense account (which shall share in the investment gains and losses of the Fund) by the Trustee until the following Plan Year. Such amounts shall be used in the following Plan Year to reduce the Matching Contributions otherwise payable by the Employer by which the Participant is employed in such subsequent Plan Year. Effective January 1, 2008, notwithstanding anything herein to the contrary, any annual additions that are determined to be excess under this Section shall only be corrected as permissible under applicable guidance, including the Employee Plans Compliance Resolution System that is issued by the Internal Revenue Service.

(c) In no event shall the amount allocated to the Account of any Participant for any Limitation Year cause the sum of the "defined contribution fraction" and the "defined benefit fraction," as such terms are defined in section 415(e) of the Code, to exceed 1.0, or such other limitation as may be applicable under section 415 of the Code with respect to any combination of qualified plans of the Employer or an Affiliate without disqualification of any such plan. In the event that the amount tentatively available for allocation to the Account of any Participant in any Limitation Year exceeds the maximum amount permissible hereunder, benefits under the defined benefit plan or plans in which the Participant is participating shall be adjusted to the extent necessary to satisfy the requirements of section 415(e) of the Code. Notwithstanding the foregoing, the limitations described above in this subsection (c) shall not apply with respect to payments due on or after the first day of the limitation year beginning January 1, 2000; provided, however, that the aggregate benefits payable to, or on account of, a Participant who is not credited with an Hour of Service on or after January 1, 2000 shall continue to be subject to the limitations described above in this subsection (c).

5.06 Distribution or Forfeiture of Income. Effective January 1, 2008, any distribution or forfeiture of Tax Deferred Contributions, After-Tax Contributions or Matching Contributions necessary pursuant to Section 5.02, 5.03 and 5.04 shall include a distribution or forfeiture of the income, if any, allocated to such contributions determined as of the last day of the Plan Year preceding such distribution without regard to Gap Period Income

5.07 Overall Deductibility Limit. In no event may the aggregate contribution made by an Employer under the Plan for a Plan Year exceed the amount that may be deducted under section 404 of the Code with respect to such Plan Year. Solely with respect to an Employer domiciled in Puerto Rico, in no event may the aggregate contribution made by an Employer domiciled in Puerto Rico under the Plan for a Plan Year exceed the amount that may be deducted under section 1123(n) of the Puerto Rico Code with respect to such Plan Year.

## ARTICLE VI

## INVESTMENT AND VALUATION OF ACCOUNTS

6.01 Investment Direction by Participants. Except as otherwise provided in Section 6.02, each Participant shall direct the Trustee to invest the amounts credited to his Accounts in one or more Investment Funds, subject to the rules and procedures established by the Plan Manager. A Participant's investment direction shall be made at the time and in the manner prescribed by the Plan Manager. If any balance remains in a Participant's Accounts after his death, his Beneficiary shall direct the investment of the amounts credited to the Accounts as if the Beneficiary were the Participant. To the extent required by a Qualified Domestic Relations Order, the alternate payee of a Participant shall direct the investment of the amounts credited to the Participant's Accounts as though the alternate payee were the Participant. To the extent a Participant, Beneficiary or alternate payee directs the investment of the amounts credited to his Accounts, this Plan is intended to be subject to section 404(c) of ERISA, as described under Section 6.07. To the extent that a Participant, Beneficiary or alternate payee does not direct the investment of his Account, his or her Account shall be invested pending such direction in a qualified default investment alternative designated by the Investment Committee. Notwithstanding the foregoing, the Investment Committee shall have the right to adopt rules and procedures to govern Participant, Beneficiary or alternate payee investment elections and directions under the terms of the Plan, whether or not such rules and procedures are required by the investment funds.

6.02 Restrictions on Participant Investment Direction. Notwithstanding the investment direction otherwise provided to Participants under Section 6.01, the restrictions set forth below shall apply to the availability of investment direction to Participants.

(a) For periods prior to February 1, 2000, a Participant may not direct the investment of amounts held under his GPEP Account. Instead, with respect to such periods, a Participant's GPEP Account shall be invested solely in the Unisys Common Stock Fund.

(b) The portion of a Participant's ESOP Account and Regular Account (excluding amounts attributable to the Burroughs Plan or the Sperry Plan) contributed in the form of Unisys stock attributable to amounts contributed prior to January 1, 2007 shall be invested solely in the Unisys Common Stock Fund until the Plan Year in which the Participant is expected to attain age 50. As of the first day of the Plan Year in which the Participant is expected to attain age 50, a Participant may direct the investment of the portion of his ESOP Account and Regular Account attributable to amounts contributed prior to January 1, 2007 in accordance with Section 6.01. Effective January 1, 2007, a Participant may direct the investment of the portion of his ESOP Account and Regular Account in accordance with Section 6.01, regardless of age.

(c) Generally, the portion of a Participant's Accounts attributable to the Sperry Plan may be invested in accordance with Section 6.01; provided, however, that any amounts that a Participant directed to have invested in the Unisys Common Stock Fund prior to January 1, 2007 must remain in such Investment Fund until the first day of the Plan Year in which the Participant is expected to attain age 50. Effective January 1, 2007, a Participant may direct the investment of the portion of his Accounts attributable to the Sperry Plan that the Participant directed to have invested in the Unisys Common Stock Fund in accordance with Section 6.01, regardless of age.

6.03 Investment Funds. The Investment Funds available under the Plan shall be designated by, and at the sole discretion of, the Investment Committee. The Investment Committee, at its sole discretion, may from time to time designate or establish new investment funds or eliminate existing Investment Funds. Investment in any Investment Fund shall be made in accordance with rules formulated by the Investment Committee and the accounting procedures applied under the Plan shall be modified by the Investment Committee to the extent they deem appropriate to reflect investments in that Investment Fund. The Investment Committee has the authority to select and appoint Investment Managers. The Investment Funds shall be managed by the Trustee or an Investment Manager, as applicable. Pending investment, reinvestment or distribution, as provided in the Plan, the Trustee or Investment Manager may temporarily retain the assets of any one or more Investment Funds in cash, commercial paper, short-term government obligations or, unless otherwise directed by the Investment Committee, undivided interests or participations in common or collective funds consisting of short-term investments, including funds of the Trustee or Investment Manager.

6.04 Valuation of the Fund. As of each Valuation Date, any increase or decrease in the fair market value of each Investment Fund (net after deduction of liabilities) since the preceding Valuation Date shall be credited to or deducted from the Accounts, if any, of each Participant. The allocation for each Investment Fund shall be made in the proportion that the balance in each Account invested in the Investment Fund as of the Valuation Date bears to the aggregate balance in all Accounts invested in the Investment Fund on that date. For purposes of the preceding sentence, the Employer's contributions to the Plan for the current year shall be excluded. The fair market value of investments shall be determined in accordance with any reasonable method permitted under regulations prescribed by the United States Department of the Treasury and such reasonable and uniform rules as the Trustee may adopt.

6.05 Unisys Common Stock Fund. The Investment Funds under the Plan shall include the Unisys Common Stock Fund, which is an Investment Fund providing for investment and reinvestment exclusively in Unisys Stock, except to the extent cash is held to facilitate purchases and sales within the fund. Investments in the Unisys Common Stock Fund shall be accounted for on the basis of units of the Unisys Common Stock Fund. Shares of Unisys Stock and cash received by the Unisys Common Stock Fund that are attributable to dividends, stock dividends, stock splits or to any reorganization or recapitalization of Unisys Corporation shall remain in or be invested in, as applicable, the Unisys Common Stock Fund and allocated to the Participant Accounts in proportion to the number of units of the Unisys Common Stock Fund held in such accounts. The transfer taxes, brokerage fees and other expenses incurred in connection with the purchase, sale or distribution of Unisys Stock shall be paid by the Unisys Common Stock Fund, and shall be deemed part of the cost of such Unisys Stock, or deducted in computing the sale proceeds therefrom, as the case may be, unless paid by an Employer. The Investment Committee shall determine to what extent a Participant shall bear any other administrative fee incurred by the Plan in connection with the transfer of the Participant's interest in the Unisys Common Stock Fund and provide appropriate written notice to such Participants. The voting and tendering of Unisys Stock held in the Unisys Common Stock Fund shall be subject to the following:

(a) For purposes of this Section, shares of Unisys Stock shall be deemed to be allocated and credited to each applicable Account of the Participant in an amount to be determined based on the balance in such account on the accounting date coincident with or next preceding the record date of any vote or tender offer and the closing price of Unisys Stock on such accounting date or if not traded on that date, on the business day on which shares of Unisys Stock were last traded before that accounting date.

(b) Each Participant who has any amounts under his Account invested in the Unisys Common Stock Fund shall be given notice by the Trustee of the date and purpose of each meeting of the stockholders of the Company at which shares of Unisys Stock are entitled to be voted, and instructions shall be requested from each such Participant as to the voting at the meeting of such Unisys Stock. If the Participant furnishes instructions within the time specified in the notification given to him, the Trustee shall vote such Unisys Stock in accordance with the Participant's instructions. Shares of Unisys Stock that have not been credited to any Participant's Account or for which no instructions were timely received by the Trustees, whether or not credited to the Account of any Participant shall be voted by the Trustee in the same proportion that the allocated and voted shares of Unisys Stock have been voted by Participants. The Investment Committee shall establish procedures under which notices shall be furnished to Participants as required by this subsection (b) and under which the Participants' instructions shall be furnished to the Trustee.

(c) Each Participant who has any amounts under his Account invested in the Unisys Common Stock Fund shall be given notice of any tender offer for, or a request or invitation for tenders of, Unisys Stock made to the Trustees. Instructions shall be requested from each such Participant as to the tendering of shares of Unisys Stock credited to his Account and for this purpose Participants shall be provided with a reasonable period of time in which they may consider any such tender offer for, or request or invitation for tenders of, Unisys Stock made to the Trustees. The Trustees shall tender such Unisys Stock as to which the Trustees have received instructions to tender from Participants within the time specified. Unisys Stock credited to an Account as to which the Trustee has not received instructions from a Participant shall not be tendered. Shares of stock that have not been credited to any Participant's Account shall be tendered by the Trustee in the same proportion that the allocated and tendered shares of Unisys Stock have been tendered by Participants. The Investment Committee shall establish procedures under which notices shall be furnished to Participants as required by this subsection (c) and under which the Participants' instructions shall be furnished to the Trustee. In carrying out their responsibilities under this subsection (c) the Trustees may rely on information furnished to them by (or under procedures established by) the Investment Committee.

(d) For all purposes of this Section 6.05, the number of shares of Unisys Stock held in a Participant's Account which are invested in the Unisys Common Stock Fund shall be the number of shares of Unisys Stock represented by the number of units held in such accounts after reducing such number of units by the number of units in such accounts which represent cash.

(e) With respect to Participants subject to Section 16 of the Securities Exchange Act of 1934, the Investment Committee shall apply any requirements or restrictions required for the Plan to obtain the protections of Rule 16b-3 under the Securities Exchange Act of 1934 or any successor Rule or regulation intended to replace Rule 16b-3.

6.06 Special Rule Regarding Appraisal of Unisys Stock. If at any time the Unisys Stock held by the ESOP Portion of the Plan is not readily tradable on an established securities market, all valuations of such Unisys Stock with respect to activities carried on by the Plan shall be made by an independent appraiser meeting the requirements of section 401(a)(28) of the Code.

6.07 Section 404(c) Compliance. The Plan is intended to constitute a plan described in section 404(c) of ERISA and section 2550.404c-1 of the United States Department of Labor regulations. Thus, no fiduciary of the Plan shall be liable for any loss, or by reason of any breach, which results from any investment direction made by a Participant, Beneficiary or alternate payee under a Qualified Domestic Relations Order. The Company or its delegate shall comply with, or monitor compliance with, as required, all disclosure and other responsibilities described in sections 2550.404c-1(b)(2)(i)(A) and (b)(2)(i)(B)(1) of the United States Department of Labor regulations except that the Trustee shall monitor compliance with those procedures established to provide confidentiality of information relating to the exercise of voting and tender rights by Participants. If the Company determines that a situation has potential for undue influence by the Company, the Company shall direct an independent party to perform such activities as are necessary to ensure the confidentiality of the rights of Participants.

## ARTICLE VII

## VESTING

7.01 Vesting Schedule.

(a) A Participant shall at all times be fully vested in the balance of his After-Tax Account, Tax Deferred Account, GPEP Account, Tax Deductible Contribution Account, and Rollover Account.

(b) A Participant employed by an Employer on or after January 1, 2000 shall be fully vested in his ESOP Account and Regular Account. Before January 1, 2000, a Participant generally was fully vested in his ESOP Account and Regular Account upon his completion of a five-year period of Service; provided, however, that:

(1) a Participant who was formerly a participant in CTIP who incurs a Severance from Employment after October 1, 1992 was at all times fully vested in his Regular Account and ESOP Account.

(2) a Participant who was formerly a participant in the Burroughs Plan who incurred a Termination of Employment after March 31, 1988, before being credited with five years of Service, or who incurred a Termination of Employment on or before March 31, 1988, before being credited with ten years of Service, shall continue to be vested in the portion of his Account, if any, attributable to his vested matching contributions previously made under the Burroughs Plan in accordance with the terms of the Burroughs Plan on March 31, 1988.

Notwithstanding the foregoing, however, a Participant shall be 100% vested in his ESOP and Regular Account upon the earliest of his attainment of Normal Retirement Age or death, regardless of the number of his years of Service if such event occurs prior to his Termination of Employment.

Effective January 1, 2007, a Participant shall be treated as in the employment of the Employer or an Affiliate for purposes of the accelerated vesting provisions set forth herein if he or she is absent from employment due to performing qualified military service under section 414(u) of the Code and dies during such absence from employment.

7.02 Forfeitures.

(a) The unvested portion of a Participant's Accounts shall be forfeited as of the earlier of the date described in paragraphs (1) and (2) below:

(1) as of the last day of the Plan Year in which a Participant incurs a Period of Severance equal to five consecutive years;

(2) the last day of the Plan Year in which the Participant receives a distribution of his vested interest under the Plan.

(b) For purposes of subsection (a), a Participant who terminates employment with the Employer and all Affiliates and has no vested interest in his Accounts at such time, shall be deemed to have received a single sum payment of his entire vested interest in his Accounts as of the date of his Termination of Employment. Restorations pursuant to this subsection (b) shall be made from currently forfeited accounts in accordance with subsection (d), or from additional contributions by the Employer.

(c) If a Participant whose unvested Account balance is forfeited in accordance with this Section 7.02 is rehired by the Company, an Affiliate, or an Associated Company before incurring a five-year Period of Severance, any amount forfeited under this Section 7.02 shall be restored to his Accounts. Restorations pursuant to this subsection (c) shall be made from currently forfeited amounts in accordance with subsection (d) or from additional contributions by the Employer.

(d) Amounts forfeited in accordance with this Section 7.02 with respect to a Plan Year shall be used first to restore future amounts required to be restored in accordance with subsections (b) or (c) with respect to the Plan Year. After such restoration, if any, is made, such amounts shall be used to reduce the Matching Contribution of the Employer of the Employee to whom the forfeiture relates or pay Plan expenses.

ARTICLE VIII

AMOUNT OF BENEFITS

8.01 Benefits Upon Severance from Employment. A Participant who incurs a Severance from Employment for a reason other than death shall be entitled to a distribution of the entire vested balance of his Accounts as of the Valuation Date coincident with or immediately preceding his Benefit Commencement Date.

8.02 Death Benefits. If a Participant's Severance from Employment occurs by reason of his death, his Beneficiary shall be entitled to a distribution of the entire vested amount credited to the Participant's Accounts as of the Valuation Date coincident with or next following his Benefit Commencement Date.

ARTICLE IX

PAYMENT AND FORM OF BENEFITS

9.01 Form of Benefit Paid to Participant.

(a) Unless a Participant elects otherwise in accordance with subsection (b), any benefit due a Participant under Article IX shall be paid in a single sum, subject to 9.04. If the vested Account balance to which a Participant is entitled is zero as of the date of the Participant's Severance from Employment, such Participant shall be deemed to have received a single sum payment of his entire vested Account balance under the Plan as of such date.

(b) If a Participant's vested Account balance exceeds $1,000 as of his Benefit Commencement Date, he may, in lieu of the single sum payment prescribed under subsection (a), elect an optional form of distribution; provided that such election must be in writing and be made within the Notice Period in the manner prescribed by the Administrative Committee. Effective January 1, 2007, the Participant shall be provided with information regarding the consequences of failing to defer distribution of his vested Account balance until such later date as permitted under the Plan. The optional forms of distribution among which a Participant may elect shall be determined as follows:

(1) an annuity as described below:

(A) Unless an optional form of annuity is elected under paragraph (B), the normal form of an annuity for a married participant is a Qualified Joint and Survivor Annuity and the normal form of annuity for an unmarried participant is a single life annuity.

(B) Subject to the election requirements described in this paragraph (B), a Participant described under this paragraph (B) may elect to receive one of the following forms of annuities in lieu of the normal form of annuity described under paragraph (A):

(i) a reduced monthly pension payable to the Participant for life and after his death, 50% to his Beneficiary for life; or

(ii) a single life annuity; or

(iii) effective January 1, 2008, a reduced monthly pension payable to the Participant for life and after his death, 75% to his surviving Spouse for life (this option is available only to married Participants) .

An election under this paragraph (B) is only valid if (i) it is in writing, (ii) it is made within the Notice Period, and (iii) the Participant's Spouse, if any, consents to the form of benefit in writing and such consent is witnessed by a notary public or an authorized representative of the Plan. Such election will not be valid, however, if it is made before the Participant receives, within the Notice Period, an explanation from the Administrative Committee of (i) the terms and conditions of the normal form of annuity and the other forms of benefit available to him under the Plan, (ii) the Participant's ability to make, and the effect of, an election to waive the normal form of annuity, (iii) to the extent applicable, the rights of the Participant's Spouse; and (iv) the Participant's ability to make, and the effect of, a revocation of a previous waiver of the normal form of annuity. Notwithstanding the foregoing, the consent of the Participant's Spouse is not required if the Participant elects option (iii) above.

(2) monthly, quarterly, semi-annual or annual installments payable over a period of no less than one-year and no greater than 20 years.

9.02 Benefit Commencement Date.

(a) Except as provided under this Article IX, if the Participant's vested Account balance as of his Benefit Commencement Date does not exceed $1,000, his benefit under the Plan shall be paid in a single sum as soon as administratively practicable following the Valuation Date coinciding with or next following date of the Participant's termination of employment with Employer.

(b) Except as otherwise provided under this Article IX, if the Participant's vested Account balance as of his Benefit Commencement Date is greater than $1,000, the benefit payable to a Participant in accordance with Article VIII shall be paid or commence as of the first day of the month following the Participant's attainment of Normal Retirement Age. If the Participant's Severance from Employment occurs before his attainment of Normal Retirement Age, however, the Participant may elect, in writing, to have his benefit paid or commence on the first day of any month following the month in which his Severance from Employment occurred.

9.03 Form and Payment of Death Benefit. A Participant shall designate a Beneficiary or Beneficiaries to receive any benefits which may be payable under the Plan in the event of his death. If the vested Account balance to which a Beneficiary is entitled is $1,000 or less, such amount shall be paid in a single sum, subject to Section 9.04. If the Account balance payable upon a Participant's death is zero, the Participant's Beneficiary shall be deemed to have received a single sum payment of the Participant's entire Account balance under the Plan or on the date of the Participant's death. If the vested Account balance exceeds $1,000, the form of the death benefit shall be determined as follows:

(a) If a married Participant dies before his Benefit Commencement Date:

(1) if the Participant dies after electing an annuity payment in accordance with Section 9.01(b) and his sole Beneficiary is his surviving Spouse, unless his surviving Spouse elects otherwise in accordance with subsection (b), the Participant's vested Account balance shall be paid to his surviving Spouse in the form of a single life annuity;

(2) if (A) a Participant is unmarried at the time of his death, or (B) is married but either (i) did not elect an annuity form of payment under Section 9.01(b) of the Plan prior to his death, or (ii) designated a Beneficiary other than or in addition to his Spouse, the Participant's vested Account balance shall be paid to his Beneficiary in a single sum, subject to Section 9.04.

(b) If a Participant dies before his Benefit Commencement Date, his Beneficiary may elect one of the following forms of payment in lieu of the form described under subsection (a):

(1) an immediately payable single sum;

(2) a single life annuity; or

(3) monthly installment payments over a period of no less than the life expectancy of the Beneficiary.

(c) If a Participant dies on or after his Benefit Commencement Date but before the entire amount of his benefit has been paid, the remaining amount shall be paid to his Beneficiary in the form and over the period being used at the Participant's date of death.

With respect to a Benefit Commencement Date beginning before March 22, 1999, the $1,000 threshold under this Section 9.03 shall take into account all amounts withdrawn or distributed prior to such Benefit Commencement Date.

9.04 Form of Single Sum Distributions. If a benefit under the Plan is payable in a single sum, such amount shall generally be paid in cash. However, a Participant or Beneficiary entitled to a distribution may elect, in the form and manner prescribed by the Administrative Committee, to receive the vested balance of the Account invested in the Unisys Common Stock Fund in the form of whole shares of Unisys Stock (and cash with respect to fractional shares). Before any distribution is made from the Plan in a single sum, the portion of a Participant's ESOP Account that has been invested in Investment Funds other than the Unisys Common Stock Fund, shall be automatically reinvested in the Unisys Common Stock Fund before distribution.

9.05 Put Options. If the Unisys Stock held under the ESOP Portion of the Plan is not readily tradable on an established securities market (within the meaning of section 409(h)(1)(B) of the Code), any Participant who is entitled to a distribution of such shares from the Plan shall have a right to require the Company to repurchase such shares in accordance with section 409(h)(1)(B) of the Code. Unisys Stock held under the ESOP Portion of the Plan shall not be subject to a put, call, or other option, or a buy-sell or similar arrangement either while held by the Plan or when distributed to or on account of a Participant whether or not the Plan is then an Employee Stock Ownership Plan.

9.06 Direct Rollovers. In the event any payment or payments to be made under the Plan to a Participant, a Beneficiary who is the surviving Spouse of a Participant, or an alternate payee who is the former spouse of a Participant, would constitute an "eligible rollover distribution," such individual may request that such payment or payments be transferred directly from the Plan to the trustee of an "eligible retirement plan." Any such request shall be made in writing, on the form prescribed by the Plan Manager for such purpose, at such time in advance as the Plan Manager may specify.

For purposes of Section 9.06, an “eligible rollover distribution” shall mean a distribution from the Plan, excluding (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) over the life (or life expectancy) of the individual, the joint lives (or joint life expectancies) of the individual and the individual’s designated Beneficiary, or a specified period of ten or more years, (2) any distribution to the extent such distribution is required under section 401(a)(9) of the Code, (3) any hardship distribution described in section 401(k)(2)(B)(i)(IV) of the Code; and (4) any other distribution that does not qualify as eligible for rollover. A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of After-Tax Contributions which are not includible in gross income. The nontaxable portion of an “eligible rollover distribution” may be rolled over tax-free to an eligible rollover plan as specified below if the eligible rollover plan provides for separate accounting of the amount transferred and earnings on such amounts.

For purposes of Section 9.06, an “eligible retirement plan” shall mean (i) an individual retirement account described in section 408(a) of the Code, (ii) an individual retirement annuity described in section 408(b) of the Code (other than an endowment contract), (iii) an annuity plan described in section 403(a) of the Code, (iv) a qualified plan under section 401(a) of the Code, the terms of which permit the acceptance of rollover distributions, (v) an eligible deferred compensation plan described in section 457(b) of the Code that is maintained by an eligible employer described in section 457(e)(i)(A) of the Code that shall separately account for the distribution, or (vi) an annuity contract described in section 403(b) of the Code; provided, however, that with respect to a distribution (or portion of a distribution) consisting of After-Tax Contributions, “eligible rollover plan” shall mean a plan described in clause (i), (ii), (iii), (iv) or (vi) effective January 1, 2007.

Effective January 1, 2008, a “qualified rollover contribution” as described in section 408A(e) of the Code may be made from the Plan to a Roth individual retirement account in a direct rollover subject to the rules set forth in section 408A of the Code and any regulations issued there under.

Effective April 15, 2009, any distribution of benefits to the Beneficiary of a deceased Participant who is not the surviving Spouse of the Participant may be transferred in a direct transfer to an individual retirement account or annuity under sections 408(a) and (b) of the Code established for the purpose of receiving such distribution and which will be treated as an inherited individual retirement account pursuant to the provisions of section 402(c)(11) of the Code, if such distribution otherwise meets the requirements set forth above. Such direct rollover of a distribution by a nonspouse Beneficiary shall be treated as an eligible rollover distribution only for purposes of section 402(c) of the Code. An eligible retirement plan shall include an individual retirement account or annuity under sections 408(a) and (b) of the Code established for the purpose of receiving a distribution that is rolled over from a nonspouse distributee, but only if the conditions set forth herein above are satisfied. Distributee shall include a nonspouse Beneficiary, but only if the conditions set forth above are satisfied.

Notwithstanding the foregoing, in the case of a Participant who is an Employee of an Employer domiciled in Puerto Rico, (1) an "eligible rollover distribution" shall only mean the total amount (including After-Tax Contributions) distributed in a lump-sum from the Plan on account of separation from service, and (2) an "eligible retirement plan" shall mean a qualified plan under both section 401(a) of the Code and section 1165(a) of the Puerto Rico Code, the terms of which permit the acceptance of rollover distributions (including After-Tax Contributions). Any distribution of benefits to the Beneficiary of a deceased Participant who is an Employee of an Employer domiciled in Puerto Rico who is not the surviving Spouse of the Participant may only be transferred in a direct transfer to a qualified plan under both section 401(a) of the Code and section 1165(a) of the Puerto Rico Code.

9.07 Minimum Required Distribution. If a Participant is a 5% owner of the Employer (as determined under section 416 of the Code), or if a Participant attained age 70 1/2 before January 1, 2002, he or she shall receive, with respect to each calendar year during which and following the calendar year in which he attained age 70 1/2, the minimum required distribution amount described under section 401(a)(9) of the Code and the regulations thereunder. In no event shall the first minimum required distribution be made later than the April 1 of the calendar year following the calendar year in which he attained age 70 1/2. The amount of such distribution shall be determined in accordance with section 401(a)(9) of the Code and the regulations thereunder. The amount of minimum required distributions for calendar years prior to 2003 shall be determined and made in accordance with the regulations under section 401(a)(9) of the Code that were proposed in 1987, including the minimum distribution incidental benefit requirement of section 1.401(a)(9)-2 of the proposed regulations. The amount of minimum required distributions for the 2003 calendar year and thereafter shall be determined and made in accordance with the final regulations promulgated under section 401(a)(9) of the Code, including the minimum distribution incidental benefit requirement of Q&A-1(d) of section 1.401(a)(9)-5 of the final regulations.

9.08 Minimum Required Distribution Waiver. Effective January 1, 2009 and in accordance with Internal Revenue Service Notice 2009-9 and section 401(a)(9)(H) of the Code as introduced by the Worker, Retiree, and Employer Recovery Act of 2008, each Participant and Beneficiary with respect to the Plan Year commencing 2009 who otherwise would be required to receive a minimum required distribution or one or more payments in a series of substantially equal distributions made at least annually and expected to last for the life of the Participant (or life expectancy) or the joint lives of the Participant and his Beneficiary (or joint life expectancies of the Participant and his Beneficiary) or for a period of at least ten years, may elect to waive receipt of the minimum amount payable with respect to the 2009 Plan Year or to receive the minimum required distribution amount for the 2009 Plan Year in accordance with rules and procedures established by the Administrative Committee. A direct rollover will be offered only for those distributions that would otherwise constitute eligible rollover distributions without regard to section 401(a)(9)(H) of the Code.

## ARTICLE X

## WITHDRAWALS AND LOANS

10.01 General. A Participant may withdraw amounts from his Account to the extent provided under this Article X and, if applicable, in accordance with Appendix B. Any withdrawal shall be considered the distribution of a portion of the Participant's benefit and shall be paid in a single sum. A withdrawal shall be disregarded, however, for purposes of determining whether the Participant's Benefit Commencement Date has occurred. A Participant's request for a withdrawal must be made in writing within the period prescribed by the Plan Manager. The amount of the withdrawal shall be divided proportionally among the Investment Funds in which the Accounts from which the withdrawal is to be made are invested. Withdrawals shall be made in accordance with the procedures established by the Plan Manager.

10.02 Withdrawals from After-Tax Account. Subject to the requirements set forth in Section 10.01, a Participant who is an Employee may withdraw all or a portion of the balance of his After-Tax Account (other than earnings on After-Tax Contributions made on or after January 1, 1987), up to one time in any six-consecutive month period. Withdrawals from a Participant's After-Tax Account shall be made in the following order:

(a) After-Tax Contributions made before January 1, 1987; then

(b) Amounts relating to After-Tax Contributions after December 31, 1986, including a pro-rata portion of the earnings thereon; and then

(c) Earnings on After-Tax Contributions made before January 1, 1987.

10.03 Withdrawals from Tax Deductible Contribution Account and Rollover Account. Subject to the requirements set forth in Section 10.01, a Participant may withdraw all or a portion of the balance of his Tax Deductible Contribution Account or Rollover Account at any time.

10.04 Withdrawals from Regular Account. Subject to the requirements set forth in Section 10.01, a Participant who is an Employee may withdraw all or a portion of the balance of his Regular Account, up to one time in any six-consecutive month period if the following requirements are met:

(a) the Participant has withdrawn the entire balance of his After-Tax Account; and

(b) the Participant's aggregate years of participation in this Plan and any Prior Plan is five years.

10.05 Withdrawals from ESOP Account. Subject to the requirements set forth in Section 10.01, a Participant who is an Employee may withdraw all or a portion of the vested balance of his ESOP Account (other than the portion of his ESOP Account attributable to Matching Contributions made on or after January 1, 2007), up to one time in any six-consecutive month period if the following requirements are met:

(a) the Participant has withdrawn the entire balance of his After-Tax Account and his Regular Account; and

(b) the Participant's aggregate years of participation in this Plan and any Prior Plan is five years.

10.06 Withdrawals from GPEP Account. Subject to the requirements set forth in Section 10.01, a Participant who is an Employee and who has withdrawn the entire balance of his After-Tax Account and his Regular Account may, up to one time in any six consecutive month period, withdraw the portion of the balance of his GPEP Account attributable to Contributions made at least 36-months prior to the date the withdrawal is requested.

10.07 Hardship Withdrawals.

(a) Subject to the requirements set forth in Section 10.01 and in subsection (b) of this Section 10.07, and, if applicable, in accordance with Appendix B, a Participant may elect a withdrawal from his Tax Deferred Account (excluding any earnings credited after December 31, 1988), on account of an immediate and heavy financial hardship; provided, however, that the amount of such withdrawal must be necessary to satisfy the immediate and heavy financial need as determined under subsections (c) and (d).

(b) In the event a Participant receives a withdrawal under this Section 10.07, the Participant shall be both ineligible to have Tax Deferred Contributions made on his behalf and ineligible to make After-Tax Contribution for the 6-month period following his receipt of the withdrawal.

(c) For purposes of this Section 10.07, an immediate financial hardship is expenses incurred as a result of:

(1) medical care described in section 213(d) of the Code (as described in section 1023(aa)(2)(P) of the Puerto Rico Code in the case of a Participant who is employed by an Employer domiciled in Puerto Rico) incurred by the Participant, the Participant's spouse, or any dependents of the Participant as defined in Treas. Reg. Section 1.401(k)-1(d)(3)(iii)(B)(3) (or the distribution is necessary for such persons to obtain such medical care);

(2) the purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) the payment of tuition and related educational fees for the next 12 months of post-secondary education for the Participant, his spouse, children or dependents (as defined in Treas. Reg. Section 1.401(k)-1(d)(3)(iii)(B)(3));

(4) the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income) (not applicable for a Participant who is an Employee of an Employer domiciled in Puerto Rico);

(5) the need to prevent the eviction of the Participant from, or foreclosure on the mortgage of, the Participant's principal residence;

(6) payments for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in Treas. Reg. Section 1.401(k)-1(d)(3)(iii)(B)(3));

(7) federal, state or local income taxes or penalties reasonably anticipated to result from the distribution; or

(8) such other circumstances as may be prescribed by the Secretary of the Treasury or his delegate (in the case of a Participant who is an Employee of an Employer domiciled in Puerto Rico, only applicable if also prescribed by the Puerto Rico Treasury Department).

The final determination of whether an immediate and heavy financial hardship exists shall be determined by the Plan Manager, which shall be under no obligation to verify independently the facts of hardship submitted by a Participant. Unless the Plan Manager or its designee has actual knowledge to the contrary, the Plan Manager shall be entitled to rely upon an affidavit signed by the Participant as proof of the elements necessary for a hardship withdrawal.

(d) For purposes of this Section 10.07, a withdrawal shall be deemed to be in the amount necessary to alleviate an immediate financial hardship if:

(1) the amount of the withdrawal does not exceed the amount required to satisfy the immediate and heavy financial need;

(2) the Participant has obtained all available withdrawals and distributions from his Regular Account, ESOP Account, GPEP Account, Tax Deductible Contribution Account, Rollover Account, and After-Tax Contribution Account; and

(3) the Participant has obtained all nontaxable loans currently available to the Participant from the Plan and all plans maintained by the Company or an Affiliate.

A Participant who is employed by an Employer domiciled in Puerto Rico shall be precluded from electing to have the Employer contribute Tax Deferred Contributions from his or her Compensation on his or her behalf to the Plan for twelve months following the date of the distribution. In addition, the annual limitation on Tax Deferred Contributions of section 1165(e)(7)(A) of the Puerto Rico Code applicable to a Participant who is employed by an Employer domiciled in Puerto Rico and who makes a hardship withdrawal in the taxable year following the year of a hardship withdrawal shall be reduced by the amount of Tax Deferred Contributions made in the year of the hardship withdrawal.

10.08 Withdrawals after Age 59 1/2. Subject to the requirements set forth in 10.01, after he has attained age 59 1/2, a Participant may withdraw all or any portion of his vested interest in his Account, up to one time in any six-consecutive month period.

10.09 Military Withdrawals. Effective January 1, 2009, a Participant receiving differential military pay shall be treated as having a Severance from Employment for purposes of taking a distribution of that portion of his or her Account consisting of Tax Deferred Contributions if he or she is absent from employment due to performing service in the uniformed services described in section 3401(h)(2)(A) of the Code. If a Participant elects to take a distribution pursuant to the foregoing, he or she shall be precluded from electing to have the Employer contribute Tax Deferred Contributions from his or her Compensation on his or her behalf to the Plan for six months following the date of the distribution.

10.10 Loans to Participants. The Plan Manager may, in his discretion, cause the Plan to lend to any qualified Participant an amount, as requested by the Participant, from his Accounts (excluding amounts held in his Tax Deductible Contribution Account or GPEP Account), upon such terms as the Plan Manager may see fit and, if applicable, in accordance with Appendix B.

(a) Qualification for Loans. A Participant is eligible for a Plan loan if he is (1) an Employee, or (2) a Participant who is a party in interest, as determined under section 3(14) of ERISA.

(b) Amount of Loan. The amount lent to any Participant shall not exceed the lesser of:

(1) the lesser of $50,000 or 50% of the amount in the Participant's vested interest in his Accounts; or

(2) the greater of $10,000, or one-half of the value of the vested portion of the Employee's accounts under all plans maintained by the Employer and all Affiliates.

For purposes of determining the maximum amount of a loan under this subsection (b), the balance of a Participant's Tax Deductible Contribution Account and GPEP Account shall be disregarded. The minimum amount of any loan made to a Participant shall be set by the Plan Manager from time to time, in a uniform and nondiscriminatory manner. A Participant may not have more than one loan outstanding at any time.

(c) Loan Term; Interest Rates. Each loan shall be repaid within no less than one year and no more than five years from the date the loan is made, unless the loan proceeds are used to acquire a dwelling that is to be used as the Participant's principal residence, in which event the term of the loan may not be more than fifteen years. Each loan shall bear a fixed rate of interest that is commercially reasonable, as determined by the Plan Manager.

(d) Other Loan Requirements. The amount lent to any Participant shall be debited against all of the Participant's Accounts from which the loan may be made (as determined under subsection (a)) such that the amount of the loan is prorated among such Accounts on the basis of the balance of each Account at the time the loan is made, and the interest paid to the Trustee by the Participant on the loan shall be allocated to such Accounts and to the Account of no other Participant. The amount of any loan, including accrued interest, un-repaid at the time a Participant or his Beneficiary becomes entitled to a distribution under Article IX shall be deducted from the amount otherwise distributable to the Participant or Beneficiary. No note or other document evidencing a loan shall be negotiable or otherwise assignable.

(e) Elections. In order to be valid, a Participant's request for a loan must be made in the time and manner prescribed by the Plan Manager.

(f) Expense of Loan. The Plan Manager may charge a reasonable loan processing fee as well as an annual loan administration fee for each year the loan is outstanding. Such fee shall be applied on a uniform and nondiscriminatory manner.

(g) Repayment. Loans shall be repaid in equal installments (not less frequently than quarterly) through payroll withholding or, in the case of a Participant's unpaid authorized leave of absence or lay-off, by personal check. A Participant may fully repay the loan at any time without penalty. Loans shall become immediately due and payable upon a Participant's Termination of Employment, retirement or death.

(h) Loan Security and Documentation. A loan shall be evidenced by a written document containing such terms and conditions as the Plan Manager shall determine, and shall be secured by the Participant's vested interest in his Accounts (other than his Tax Deductible Contributions Account).

## ARTICLE XI

## SPECIAL PROVISIONS FOR TOP-HEAVY PLANS

11.01 Determination of Top-Heavy Status. The Plan shall be considered top-heavy for the Plan Year, if, as of the Determination Date:

(a) the Plan is not part of an Aggregation Group and the Key Employee Ratio, determined by substituting the "Plan" for the "Aggregation Group" each place it appears in Section 2.36, exceeds 60%, or

(b) the Plan is part of an Aggregation Group and the Key Employee Ratio of such Aggregation Group exceeds 60%;

The Plan shall be deemed super top-heavy as to any Plan Year if, as of the Determination Date with respect to such Plan Year, the conditions of subsections (a) or (b) hereof are met with "90%" substituted for "60%" therein.

11.02 Minimum Contributions. For any Plan Year in which the Plan is determined to be top-heavy or super top-heavy within the meaning of Section 11.01, the Plan shall provide a minimum Employer contribution (consisting of Matching Contributions, nonelective Employer contributions, or both) for each Participant who is a Non-Key Employee and has not incurred a Severance from Employment by the end of the Plan Year in an amount equal to 5% of the Participant's Testing Compensation.

11.03 Minimum Vesting. For any Plan Year in which the Plan is defined to be top-heavy or super top-heavy within the meaning of Section 11.01, each Participant during such Plan Year shall become 100% vested in all of his Accounts and shall remain fully vested in such Accounts after the Plan ceases to be top-heavy.

## ARTICLE XII

## PLAN ADMINISTRATION

12.01 Fiduciary Responsibility.

(a) The Plan shall be administered by the Administrative Committee, which shall be the Plan's "named fiduciary" and "administrator," as those terms are defined by ERISA, and its agent designated to receive service of process. All matters relating to the administration of the Plan, including the duties imposed upon the plan administrator by law, except those duties allocated to the Plan Manager and those duties relating to the control or management of Plan assets, shall be the responsibility of the Administrative Committee. The Plan Manager or the Administrative Committee (to the extent of the duties of each under the Plan), as the case may be, shall have the power to interpret and construe the provisions of the Plan, and to decide such questions as may rise in connection with the operation of the Plan, including interpretation of ambiguous Plan provisions, determination of disputed facts, and application of Plan provisions to unanticipated circumstances. The determination of the Plan Manager or the Administrative Committee (to the extent of the duties of each under the Plan), as the case may be, shall be subject to review only for abuse of discretion.

(b) The Administrative Committee shall be responsible for reviewing and deciding appeals under the Plan, in accordance with Section 12.11(b) of the Plan.

(c) The Plan Manager shall be responsible for the day-to-day administration of the Plan and shall have the authority to adopt such rules, guidelines, forms and procedures, not inconsistent with the terms of the Plan, as deemed necessary and/or appropriate to the operation and/or administration of the Plan. The Plan Manager shall also be responsible for the reporting and disclosure requirements applicable to the Plan under ERISA, the Code and/or any other Federal, state or local law.

(d) The Investment Committee shall be responsible for all matters relating to the control and management of Plan assets to the extent not assigned to the Trustee in the Trust Agreement or other instrument. The duties and responsibilities of the Investment Committee shall include, but not be limited to, the selection of the Investment Funds, the selection of the Investment Manager, and the monitoring of the performance of the Investment Manager and Trustee. The Investment Committee shall be a "named fiduciary" as that term is defined by ERISA.

12.02 Appointment and Removal of Plan Manager and Committees. The Plan Manager, the Administrative Committee and the Investment Committee shall be appointed and may be removed by the Board. The Plan Manager and persons appointed to the Administrative Committee or the Investment Committee may be, but need not be, employees of the Employer. The Plan Manager and any Administrative Committee or Investment Committee member may resign by giving written notice to the Board, which notice shall be effective 30 days after delivery. The Plan Manager and any Administrative Committee or Investment Committee member may be removed by the Board by written notice to such Committee person, which notice shall be effective upon delivery. The Board shall promptly select a successor following the resignation or removal of the Plan Manager or of any Administrative Committee or Investment Committee member, if necessary to maintain both an Administrative Committee and the Investment Committee of at least one member.

12.03 Compensation and Expenses of Plan Manager and Committees. The Plan Manager and members of the Administrative Committee and members of the Investment Committee who are Employees shall serve without compensation. The Plan Manager and members of the Administrative Committee or Investment Committee who are not Employees may be paid reasonable compensation for services rendered to the Plan. Such compensation, if any, and all ordinary and necessary expenses of the Plan Manager, and the Administrative Committee and Investment Committee shall be paid from the Fund unless paid by the Employer.

12.04 Plan Manager and Committee Procedures. The Plan Manager, and the Administrative Committee and Investment Committee may enact such rules and regulations for the conduct of their business and for the administration of the Plan, as each may deem desirable. The Administrative Committee and Investment Committee may act either at meetings at which a majority of its members are present or by a writing signed by a majority of its members without the holding of a meeting. Records shall be kept of the meetings and actions of the Administrative Committee and the Investment Committee, and of the actions of the Plan Manager. Neither the Plan Manager, nor any Administrative Committee or Investment Committee member who is a Participant in the Plan shall vote upon, or take an active role in resolving, any question affecting only his Accounts.

12.05 Indemnification of the Plan Manager and Committees. The Plan Manager and each member of the Administrative Committee and the Investment Committee shall be indemnified by the Company against costs, expenses and liabilities (other than amounts paid in settlement to which the Company does not consent) reasonably incurred by him in connection with any action to which he may be a party by reason of his service as Plan Manager or a member of the Administrative Committee or Investment Committee except in relation to matters as to which he shall be adjudged in such action to be personally guilty of willful misconduct in the performance of his duties. The foregoing right to indemnification shall be in addition to such other rights as the Plan Manager or the member of the Administrative Committee or Investment Committee may enjoy as a matter of law or by reason of insurance coverage of any kind, but shall not extend to costs, expenses and/or liabilities otherwise covered by insurance or that would be so covered by any insurance then in force if such insurance contained a waiver of subrogation. Rights granted hereunder shall be in addition to and not in lieu of any rights to indemnification to which the Plan Manager or the member of the Administrative Committee or Investment Committee may be entitled pursuant to the bylaws of the Company. Service as Plan Manager or as a member of the Administrative Committee or Investment Committee shall be deemed in partial fulfillment of the member's function as an employee, officer or director of the Employer, if he serves in that capacity as well as in the role of Plan Manager or a member of the Administrative Committee or Investment Committee.

12.06 Exclusive Benefit Rule. The Plan Manager and the Administrative Committee and Investment Committee shall administer the Plan for the exclusive purpose of (a) providing benefits to Participants and their Beneficiaries and (b) defraying reasonable expenses of administering the Plan.

12.07 Consultants. The Plan Manager and the Administrative Committee and Investment Committee may, and to the extent required for the preparation of reports shall, employ accountants, actuaries, attorneys and other consultants or advisors. The fees charged by such accountants, actuaries, attorneys and other consultants or advisors shall represent reasonable compensation for services rendered and shall be paid from the Fund unless paid by the Employer.

12.08 Payment of Plan Expenses. The expenses incurred by the Employer in connection with the operation of the Plan, including, but not limited to, expenses incurred by reason of the engagement of professional assistants and consultants, shall be expenses of the Plan and shall be payable by the Plan at the direction of the Plan Manager. The Employer shall have the option, but not the obligation, to pay any such expenses, in whole or in part, and, by so doing, to relieve the Plan from the obligation of bearing such expenses. Payment of any such expenses by the Employer on one occasion shall not bind the Employer to pay any similar expenses on any subsequent occasion. For the purpose of administrative convenience, the Employer may pay certain expenses otherwise payable by the Plan, for which it shall seek reimbursement by the Trustee from the assets held in the Fund.

12.09 Method of Handling Plan Funds. All payments to the Fund shall be made by the employee of the Employer charged with that responsibility by the Board. All payments from the Fund shall be made by the Trustee.

12.10 Delegation and Allocation of Responsibility. To the extent permitted under the terms of the Trust Agreement or applicable law, the Trustee and any named fiduciary of the Plan may, by unanimous action in writing, delegate or assign any of its responsibilities for administering the Plan to one or more individuals or entities. In the event of any such delegation or allocation, the Trustee or any named fiduciary, as applicable, shall establish procedures for the thorough and frequent review of the performance of such duties. Persons to whom responsibilities have been delegated may not delegate to others any discretionary authority or discretionary control with respect to the management or administration of the Plan.

12.11 Claims Procedures.

(a) Initial Claim. In the event of a claim by a Participant or his or her Beneficiary with respect to the Plan, such claimant (himself or through his authorized representative) shall present his or her claim in writing to the Administrative Committee or its designee. The Administrative Committee or its designee shall, within 90 days after receipt of such written claim, make a determination and send a written or electronic notification to the claimant as to its disposition. If the Administrative Committee or its designee determines that special circumstances require an extension of time for processing the claim, the Administrative Committee or its designee shall be allowed an extension of time not to exceed 90 days from the end of the initial period and shall so notify the claimant in writing prior to the termination of the initial 90-day period, and shall indicate the special circumstances requiring an extension of time and the date by which to expect the benefit determination. In the event the claim is wholly or partially denied, such notification shall:

(1) state the specific reason or reasons for the denial;

(2) make reference to the specific provisions of the Plan upon which the denial is based;

(3) provide a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;

(4) set forth the procedure by which the claimant may appeal the denial of his or her claim and the applicable time limitations; and

(5) a statement of the claimant’s rights to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on appeal.

(b) Review of Denial. In the event a claimant wishes to appeal the denial of his claim, the claimant (or his or her authorized representative) may request a review of such denial by making application in writing to the Administrative Committee within 60 days after receipt of such denial. Such review will take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. Such claimant (or his or her duly authorized representative) may, upon written request to the Administrative Committee and free of charge, have reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits. In addition, the claimant or his authorized representative may submit to the Administrative Committee written comments, documents, records and other information related to the claim for benefits. Appeals not timely filed shall be barred. Within 60 days after receipt of a written appeal, the Administrative Committee shall make a determination and notify the claimant of its final decision. If the Administrative Committee determines that special circumstances require an extension of time for processing the claim, the Administrative Committee shall be allowed an extension of time of up to an additional 60 days and shall so notify the claimant in writing (prior to the end of the initial period) the reason or reasons for such extension and the date by which a decision is expected. The final decision on review shall contain:

(1) specific reasons therefor;

(2) reference to the specific Plan provisions upon which it is based;

(3) a description of the claimant's right to receive, upon written request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits;

(4) a description of any voluntary appeals procedures offered by the Plan; and

(5) a statement of the claimant's rights to bring a civil action under section 502(a) of ERISA.

If the Administrative Committee has not exceeded the time limitations set forth in this Section 12.11, the decision shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If the claimant challenges the decision of the Administrative Committee, a review by a court of law shall be limited to the facts, evidence, and issues presented during the claims and appeals procedure set forth above. The claims and appeals process described herein must be exhausted before the claimant can pursue the claim in federal court. Facts and evidence that become known to the claimant after having exhausted the review procedure may be submitted for reconsideration of the review decision in accordance with the time limits established above. Issues not raised during the review process shall be deemed waived.

(c) Exhaustion of Claims Procedures and Time Period for Bringing a Lawsuit. A claim or action (1) to recover benefits allegedly due under the provisions of the Plan or by reason of any law (including, without limitation, a civil action under Section 502(a) of ERISA), (2) to enforce rights under the Plan, (3) to clarify rights to future benefits under the Plan, or (4) any other claim or action that relates to the Plan and seeks a remedy, ruling, or judgment of any kind against the Plan or a Plan fiduciary or party in interest may not be filed in any court until the claimant has exhausted the Plan's claim and appeal process for any and all reasons the claimant believes his claim should be approved. In addition, any such claim or action must be filed no later than one year after, as appropriate, the earliest to occur of the following: the date the first benefit payment was made or due, the date the Administrative Committee or its delegate first denied the claimant's request on appeal, or the earliest date the claimant knew or should have known the material facts on which such claim or action is based. Any claim or action filed after the end of this one-year period shall be time-barred.

ARTICLE XIII

AMENDMENT AND TERMINATION

13.01 Amendment. The Plan may be amended at any time and from time to time by or pursuant to a formal written action of the Board, the Compensation Committee of the Board, the Company's Chief Financial Officer and the most senior Human Resources officer of the Company acting as a committee, or the Administrative Committee, subject to the following restrictions:

(a) the Administrative Committee may make amendments only to the extent that they are necessary or appropriate to maintain the Plan's compliance with the applicable statutes or regulations;

(b) the Company's Chief Financial Officer and most senior Human Resources officer of the Company acting as a committee may make amendments only to the extent that the effect of the amendments results in an annual cost of less than $1,000,000;

(c) the Company's Chief Executive Officer may make amendments only to the extent that the effect of the amendments results in an annual cost less than $25,000,000; and

(d) the Compensation Committee of the Board may make amendments only to the extent that the affect of the amendments results in an annual cost less than $50,000,000.

Notwithstanding the foregoing, however, to the extent that the Company's Corporate Delegation of Authority Chart or other action of the Board modifies the amendatory authority described in the preceding sentence, the Plan shall be deemed to have been amended in accordance with the Delegation of Authority Chart or such Board action. In no event shall an amendment be effective to the extent that it has the effect of decreasing the balance of a Participant's Account or eliminating an optional form of benefit payment for benefits attributable to service before the later of the date the amendment is adopted or the date it becomes effective, except to the extent permissible under section 411(d)(6) of the Code and the regulations thereunder. If the vesting schedule of the Plan is amended, the nonforfeitable interest of a Participant in his Accounts, determined as of the later of the date the amendment is adopted or the date it becomes effective, shall not be less than the Participant's nonforfeitable interest in his Accounts determined without regard to such amendment. If the Plan's vesting schedule is amended, each Participant with three or more Years of Service may elect to have the nonforfeitable percentage of his Accounts computed under the Plan without regard to such amendment. The Participant's election shall be made within 60 days after the latest of (1) the date the amendment is adopted, (2) the date the amendment becomes effective, or (3) the date the Participant is given written notice of the amendment by the Board or the Trustee.

13.02 Termination or Partial Termination.

(a) Right to Terminate Reserved. While the Company intends to continue the Plan indefinitely, it reserves the right to terminate the Plan at any time by formal written action of the Board. Further, any Employer may, at any time for any reason, withdraw from participation in the Plan, in whole or in part, by action of its governing board.

(b) Treatment of Participants Upon Termination. If the Plan is terminated or partially terminated, Accrued Benefits of the Participants affected thereby shall immediately vest and be nonforfeitable, to the extent funded. No employees of such Employer who are not then Participants may thereafter be admitted to the Plan, and the Employer shall make no further contributions to the Fund.

(c) Liability of Employer. The Employer shall have no liability in respect of payment under the Plan, except to pay over to the Trustee the contributions otherwise required under the Plan, and each Participant, his Beneficiary or alternate payee shall look solely to the Trust for distribution of benefits under the Plan.

(d) Successor Employers. Unless this Plan is terminated earlier, a successor employer of the Employees of the Employer may continue this Plan and Trust by joining with the Trustee in executing an appropriate supplemental agreement. Such successor employer shall ipso facto succeed to all the rights, powers, and duties of the Employer hereunder. In such event, the Plan shall not be deemed to have terminated and the employment of any Employee who is continued in the employ of such successor Employer shall be deemed not to have been terminated or severed for any purposes hereunder.

## ARTICLE XIV

## MISCELLANEOUS

14.01 Merger, Consolidation or Transfer of Assets or Liabilities. The Company reserves the right to merge or consolidate the Plan with any other defined contribution plan qualified under section 401(a) of the Code (and section 1165(a) of the Puerto Rico Code in the case of Participants who are Employees of an Employer domiciled in Puerto Rico), or to transfer Plan assets or liabilities to any other qualified defined contribution plan, provided that the amount standing to the credit of each Participant’s, Beneficiary’s and alternate payee’s Accounts immediately after any such merger, consolidation or transfer of assets or liabilities shall be at least equal to the amount standing to the credit of the Participant’s, Beneficiary’s and alternate payee’s Accounts immediately before such merger, consolidation or transfer, determined as if the Plan had then terminated.

14.02 Limited Purpose of Plan. The establishment or existence of the Plan shall not confer upon any Employee the right to be continued as an Employee. The Employer expressly reserves the right to discharge any Employee whenever in its judgment its best interests so require.

14.03 Nonalienation. No benefit payable under the Plan shall be subject in any manner to anticipation, assignment, or voluntary or involuntary alienation. This Section 14.03 shall not preclude the Trustee from complying with the terms of (a) a Qualified Domestic Relations Order, (b) a federal tax levy made pursuant to section 6331 of the Code, (c) subject to section 401(a)(13) of the Code, a judgment relating to the Participant's conviction of a crime involving the Plan, or (d) subject to section 401(a)(13) of the Code, a judgment, order, decree, or settlement agreement between the Participant and the United States Department of Labor relating to a violation (or an alleged violation) of part 4 subtitle B of Title I of ERISA.

14.04 General Distribution Requirements. All distributions under the Plan shall be determined and made in accordance with the minimum distribution incidental death benefit requirements of the regulations under section 401(a)(9) of the Code. Effective prior to January 1, 2003, all distributions shall be determined and made in accordance with the minimum distribution requirements of the regulations under section 401(a)(9) of the Code that were proposed in 1987, including the minimum distribution incidental benefit requirement of section 1.401(a)(9)-2 of the proposed regulations. Effective January 1, 2003, all distributions shall be determined and made in accordance with the final regulations promulgated under section 401(a)(9) of the Code, including the minimum distribution incidental benefit requirement of Q&A-1(d) of section 1.401(a)(9)-5 of the final regulations; provided, however, that the amount of any payments made to a Participant with a Benefit Commencement Date prior to January 1, 2003 shall not be decreased by the application of the final regulations.

14.05 Facility of Payment. If the Plan Manager, in his sole discretion, deems a Participant, Beneficiary or alternate payee who is entitled to receive any payment hereunder to be incompetent to receive the same by reason of age, illness, infirmity or incapacity of any kind, the Plan Manager may direct the Trustee to apply such payment directly for the benefit of such person, or to make payment to any person selected by the Plan Manager to disburse the same for the benefit of the Participant, Beneficiary or alternate payee. Payments made pursuant to this Section 14.05 shall operate as a discharge, to the extent thereof, of all liabilities of the Employer, the Trustee, the Administrative Committee, the Plan Manager and the Fund to the person for whose benefit the payments are made.

14.06 Impossibility of Diversion. All Plan assets shall be held as part of the Fund until paid to satisfy allowable Plan expenses or to provide benefits to Participants, their Beneficiaries or alternate payees. It shall be impossible, unless Section 4.10, 14.07 or 14.10 applies, for any part of the fund to be used for, or diverted to, purposes other than the exclusive benefit of the Participants, their Beneficiaries or alternate payees or the payment of the reasonable expenses of the administration of the Plan or of the Fund or both, and the Fund shall continue for such time as may be necessary to accomplish the purposes for which it was established.

14.07 Unclaimed Benefits. If a Participant or Beneficiary to whom a benefit is payable under the Plan cannot be located following a reasonable effort to do so by the Trustee, such benefit shall be forfeited but shall be reinstated if a claim therefor is filed by the Participant, Beneficiary or alternate payee.

14.08 Benefit Offsets for Overpayments. If a Participant, Beneficiary or alternate payee receives benefits hereunder for any period in excess of the amount of benefits to which he was entitled under the applicable terms of the Plan, such overpayment shall be offset against current or future benefit payments, as applicable, until such time as the overpayment is entirely recouped by the Plan, as determined by the Plan Manager in his sole discretion.

14.09 Contingent Effectiveness of Plan Amendment and Restatement. The effectiveness of this amendment and restatement of the Plan shall be subject to and contingent upon a determination by the District Director of the Internal Revenue Service that the Plan and Trust continue to be qualified under the applicable provisions of the Code, so that the contributions by the Employer are deductible when made and the Trust continues to be exempt from federal income tax. If the District Director determines that the amendment and restatement adversely affect the existing qualified status of the Plan and Trust, then, upon notice to the Trustee, the Board shall have the right further to amend the Plan or to rescind the amendment and restatement.

14.10 Controlling Law. The Plan shall be construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to any choice of law provisions, to the extent not preempted by federal law, which shall otherwise control. Notwithstanding the foregoing, in the case of Participants who are employed by an Employer domiciled in Puerto Rico, the Plan shall be construed and enforced in accordance with the laws of the Commonwealth of Puerto Rico, without regard to any choice of law provisions, to the extent not preempted by federal law, which shall otherwise control.

IN WITNESS WHEREOF, and as evidence of the adoption of the Plan as amended and restated herein, Unisys Corporation has caused this instrument to be executed by its duly authorized representatives.

UNISYS CORPORATION:

By: /s/ Patricia A. Bradford
Patricia A. Bradford

Dated: December 30, 2009

By: /s/ Janet Brutschea Haugen
Janet Brutschea Haugen

Dated: December 30, 2009

**APPENDIX A**

**PARTICIPATING AFFILIATES**

**(EFFECTIVE JANUARY 1, 2007)**

Unisys Corporation

Unisys Unigen Corporation

Unisys European Services Ltd.

Unisys Latin America and Caribbean Headquarters

Unisys Holding Corporation

Convergent, Inc.

Unisys NPL, Inc.

Unisys Funding Corporation I

Unisys AP Investment Company I

Unisys Africa Holding, Inc.

Unisys CEE, Inc.

## APPENDIX B

This Addendum amends and supplements the Plan to reflect relief granted by the Internal Revenue Service as well as relief granted under the Katrina Emergency Tax Relief Act of 2005 and the Gulf Opportunity Zone Act of 2005 for certain individuals affected by Hurricanes Katrina, Rita and Wilma.

I. Definitions. For purposes of this Addendum, the following definitions apply:

1.1 "Eligible Retirement Plan" means a qualified retirement plan, such as the Plan, a 403(a) annuity, a 403(b) annuity, a 457 governmental plan or an individual retirement account or annuity that accepts rollovers.

1.2 "Qualified Hurricane Katrina Participant" means an individual whose principal place of residence on August 28, 2005 was located in the Hurricane Katrina disaster area and who has sustained an economic loss by reason of Hurricane Katrina.

1.3 "Qualified Hurricane Rita Participant" means an individual whose principal place of residence on September 23, 2005 was located in the Hurricane Rita disaster area and who has sustained an economic loss by reason of Hurricane Rita.

1.4 "Qualified Hurricane Wilma Participant" means an individual whose principal place of residence on October 23, 2005 was located in the Hurricane Wilma disaster area and who has sustained an economic loss by reason of Hurricane Wilma.

1.5 "Qualified Hurricane Katrina Distribution" means a distribution from an Eligible Retirement Plan made on or after August 25, 2005, and before January 1, 2007, to a Qualified Hurricane Katrina Participant.

1.6 "Qualified Hurricane Rita Distribution" means a distribution from an Eligible Retirement Plan made on or after September 23, 2005, and before January 1, 2007, to a Qualified Hurricane Rita Participant.

1.7 "Qualified Hurricane Wilma Distribution" means a distribution from an Eligible Retirement Plan made on or after October 23, 2005, and before January 1, 2007, to a Qualified Hurricane Wilma Participant.

II. Distributions.

2.1 Any Qualified Hurricane Katrina Distribution, Qualified Hurricane Rita Distribution or Qualified Hurricane Wilma Distribution, as applicable, made to a Participant pursuant to this Addendum shall not exceed the lesser of (1) $100,000 or (2) the vested portion of such Participant's Account balance, whether or not such Participant has otherwise satisfied the requirements to receive a distribution under the Plan. However, any such distribution from this or any other Eligible Retirement Plan of the Company shall not, in the aggregate, exceed $100,000.

2.2 Any portion of a Qualified Hurricane Katrina Distribution, Qualified Hurricane Rita Distribution or Qualified Hurricane Wilma Distribution, as applicable, made to a Participant pursuant to this Addendum may be repaid by such Participant at any time during the three-year period beginning on the day after the date on which such Participant received the distribution. The repayment may be made to any Eligible Retirement Plan, regardless of the plan from which the distribution was received.

III. Loans.

3.1 A Qualified Hurricane Katrina Participant, a Qualified Hurricane Rita Participant or a Qualified Hurricane Wilma Participant may obtain a loan from the Plan (after taking into account the outstanding balance of other loans) in an amount equal to the lesser of $100,000 or 100 percent of the vested portion of the Participant's Account (less the highest value of all other outstanding loans in the prior 12 months).

3.2 Any loan repayment otherwise due on or after (1) August 25, 2005 through December 31, 2006 in the case of a Qualified Hurricane Katrina Participant, (2) September 23, 2005 through December 31, 2006 in the case of a Qualified Hurricane Rita Participant or (3) October 23, 2005 through December 31, 2006 in the case of a Qualified Hurricane Wilma Participant shall be delayed for one year. After the one-year delay, such Participant's loan repayments shall be adjusted to reflect the delayed repayments and unpaid interest. The loan repayment term shall be extended by one year regardless of whether such extension would cause the loan original loan term to extend beyond five years in the case of loan not used to purchase a Participant's principal residence.

IV. Hardship Withdrawals.

4.1 A Qualified Hurricane Katrina Participant who obtained a hardship withdrawal from the Plan after February 28, 2005 and before August 29, 2005 for purchase or construction of a principal residence that was not finalized because it was in an area affected by Hurricane Katrina shall be permitted to repay all or a portion of such distribution to an Eligible Retirement Plan on or before February 28, 2006.

4.2 A Qualified Hurricane Rita Participant who obtained a hardship withdrawal from the Plan after February 28, 2005 and before September 24, 2005 for purchase or construction of a principal residence that was not finalized because it was in an area affected by Hurricane Rita shall be permitted to repay all or a portion of such distribution to an Eligible Retirement Plan on or before February 28, 2006.

4.3 A Qualified Hurricane Wilma Participant who obtained a hardship withdrawal from the Plan after February 28, 2005 and before October 24, 2005 for purchase or construction of a principal residence that was not finalized because it was in an area affected by Hurricane Wilma shall be permitted to repay all or a portion of such distribution to an Eligible Retirement Plan on or before February 28, 2006.

4.4 In the case of a Qualified Hurricane Katrina Participant or a Participant who is not a Qualified Hurricane Katrina Participant but who either (1) maintained principal residence in an area affected by Hurricane Katrina, (2) had his principal place of employment in an area affected by Hurricane Katrina, or (3) had lineal descendants or ascendants, a spouse or other dependents whose principal residence or place of employment was in an area affected by Hurricane Katrina, any distribution on account of Hurricane Katrina shall be deemed to be a hardship withdrawal, provided such distribution is made on or after August 29, 2005, and no later than March 31, 2006. Furthermore, the Plan's six-month suspension requirement on contributions following a hardship withdrawal shall not apply.

Exhibit 12

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

| | Years Ended December 31 | | | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| **Fixed charges** | | | | | |
| Interest expense | $ 95.2 | $ 85.1 | $ 76.3 | $ 77.2 | $ 64.7 |
| Interest capitalized during the period | 7.5 | 9.0 | 9.1 | 9.9 | 15.0 |
| Amortization of debt issuance expenses | 3.3 | 4.1 | 3.8 | 3.8 | 3.4 |
| Portion of rental expense representative of interest | 38.0 | 50.6 | 55.9 | 56.7 | 60.9 |
| Total Fixed Charges | 144.0 | 148.8 | 145.1 | 147.6 | 144.0 |
| **Earnings** | | | | | |
| Income (loss) from continuing operations before income taxes (1) | 234.6 | (64.5) | 29.4 | (242.2) | (203.1) |
| Add (deduct) the following: | | | | | |
| Share of loss (income) of associated companies | — | — | — | 4.5 | (7.2) |
| Amortization of capitalized interest | 11.6 | 16.1 | 14.5 | 13.7 | 12.9 |
| Subtotal | 246.2 | (48.4) | 43.9 | (224.0) | (197.4) |
| Fixed charges per above | 144.0 | 148.8 | 145.1 | 147.6 | 144.0 |
| Less interest capitalized during the period | (7.5) | (9.0) | (9.1) | (9.9) | (15.0) |
| Total earnings (loss) | $382.7 | $ 91.4 | $179.9 | $ (86.3) | $ (68.4) |
| Ratio of earnings to fixed charges | 2.66 | * | 1.24 | * | * |

(1) Amounts for the years 2005-2008 have been reclassified to reflect the adoption of an accounting standard which changed the presentation and disclosure of noncontrolling interests in consolidated financial statements.

* Earnings for the years ended December 31, 2008, 2006 and 2005 were inadequate to cover fixed charges by $57.4 million, $233.9 million and $212.4 million, respectively.

# Unisys Corporation

## Management's Discussion and Analysis of Financial Condition and Results of Operations

### Overview

In 2009, the company reported significantly improved profitability and cash flow, despite lower revenue in a challenging global economy, as the company benefited from an ongoing program to enhance its financial results and strengthen its balance sheet. The program, announced at the beginning of 2009, is based upon the following business priorities:

- Concentrate the company's investments and resources on business opportunities in fewer, more profitable markets in the information technology (IT) marketplace;
- Create clearly differentiated value propositions in its focused markets and solution offerings;
- Enhance the cost-efficiency of its services labor delivery model to drive gross margin expansion; and
- Reduce overhead expense by simplifying its business, streamlining reporting lines and processes, and creating clear lines of accountability for results.

As part of this program, the company is acting upon a wide range of actions aimed at reducing its annual cost structure (cost of services and selling, general and administrative expenses) by a combined $500 million compared to 2008 levels. Cost-reduction actions that have been taken or are currently underway include reductions in third-party expenses, facility consolidations, headcount reductions, forgoing of salary increases in most of the company's markets, and suspension of company matching contributions to the U.S. 401(k) plan, which had been costing about $50 million annually.

Reflecting the benefits of these and other actions, the company reported significantly improved operating income of $345.6 million in 2009 compared with operating income of $40.7 million in 2008. Operating profit margin improved to 7.5% in 2009 compared with .8% in 2008. After a tax provision of $41.6 million, the company reported net income attributable to Unisys Corporation of $189.3 million, or $4.75 per diluted share, for 2009. This compared with a 2008 net loss attributable to Unisys Corporation of $130.1 million, or a loss of $3.62 per diluted share, which included a tax provision of $53.2 million. Cash from operating activities increased to $396.8 million in 2009 compared with $254.6 million in 2008.

The company implemented this program in the midst of a challenging global economic environment in 2009. Reflecting weak global economic conditions, unfavorable foreign currency translation, as well as the company's de-emphasis of lower-margin business, the company's revenue declined 12% to $4.60 billion compared with revenue of $5.23 billion in 2008. Foreign currency exchange rates had an approximately 4-percentage-point negative impact on revenue in 2009.

The company's 2008 results included:

- Pretax cost reduction and other charges of $103.1 million, principally for 1,304 personnel reductions, idle facility costs and asset write downs associated with portfolio exits and lease guarantees. See Note 3 of the Notes to Consolidated Financial Statements; and
- Pretax pension income of $51.3 million. See Note 16 of the Notes to Consolidated Financial Statements.

The company's 2007 results included:

- Pretax cost reduction and other charges of $116.8 million, principally for 1,737 personnel reductions and idle facility costs. See Note 3 of the Notes to Consolidated Financial Statements;
- Pretax pension expense of $35.0 million. See Note 16 of the Notes to Consolidated Financial Statements;
- A pretax gain of $24.7 million on the sale of the company's media solutions business; and
- A $39.4 million tax benefit related to an income tax audit settlement. See Note 7 of the Notes to Consolidated Financial Statements.

## Results of operations

*2008 and 2007 cost-reduction actions*

The company's results in 2008 and 2007 reflect a number of charges related to cost-reduction actions. The company's results in 2009 reflect the benefits derived from the 2008 and 2007 cost-reduction actions. In 2008 and 2007, the company has recorded total pretax charges of $219.9 million, comprised of $104.9 million for 3,041 work-force reductions, $61.0 million for idle lease costs and $54.0 million principally related to asset write downs associated with portfolio exits and lease guarantees.

During 2008, the company consolidated facility space and committed to an additional reduction of 1,304 employees. This resulted in pretax charges of $103.1 million which were recorded in the following statement of income classifications: cost of revenue – services, $36.1 million; cost of revenue – technology, $14.3 million; selling, general and administrative expenses, $49.0 million; and research and development expenses, $3.7 million.

During 2007, the company consolidated facility space and committed to a reduction of 1,737 employees. This resulted in pretax charges of $116.8 million which were recorded in the following statement of income classifications: cost of revenue – services, $31.8 million; cost of revenue – technology, $3.9 million; selling, general and administrative expenses, $62.0 million; and research and development expenses, $20.6 million. In addition, the portion of the cost-reduction charges related to noncontrolling interests was $1.5 million and is included in net income attributable to noncontrolling interests.

*Company results*

Revenue for 2009 was $4.60 billion compared with 2008 revenue of $5.23 billion, a decrease of 12%. Services revenue in 2009 decreased by 12% and Technology revenue declined by 11%. Foreign currency had a 4-percentage-point negative impact on revenue in 2009 compared with 2008. The declines reflect the weak global economic conditions, as well as the company's de-emphasis of lower-margin business. Revenue for 2008 was $5.23 billion compared with 2007 revenue of $5.65 billion, a decrease of 7%. Services revenue in 2008 decreased by 5% and Technology revenue declined by 22%. Foreign currency had a 1-percentage-point positive impact on revenue in 2008 compared with 2007. Revenue from international operations in 2009, 2008 and 2007 was $2.48 billion, $2.99 billion and $3.22 billion, respectively. Foreign currency had an 8-percentage-point negative impact on international revenue in 2009 compared with 2008. Revenue from U.S. operations was $2.12 billion in 2009, $2.24 billion in 2008 and $2.43 billion in 2007.

Gross profit percent was 24.7% in 2009, 21.5% in 2008 and 22.8% in 2007. Gross profit percent in 2009 compared with 2008 reflects the improved cost efficiencies in services delivery and the benefits from expense reductions. Included in gross profit percent in 2008 and 2007 were cost reduction charges of $50.4 million and $35.7 million, respectively. Gross profit percent in 2008 compared with 2007 reflects a decline in pension expense of $66.5 million (income of $39.7 million in 2008 compared with expense of $26.8 million in 2007).

Selling, general and administrative expenses were $689.2 million in 2009 (15.0% of revenue), $957.0 million in 2008 (18.3% of revenue) and $1.02 billion in 2007 (18.1% of revenue). Selling, general and administrative expenses in 2009 compared with 2008 reflect the benefits from cost reduction actions as well as foreign exchange rate fluctuations. Included in selling, general and administrative expenses in 2008 and 2007 were cost reduction charges of $49.0 million and $62.0 million, respectively. Selling, general and administrative expenses in 2008 compared with 2007 reflect a decline in pension expense of $14.0 million (income of $4.7 million in 2008 compared with expense of $9.3 million in 2007). In addition in 2008, the company (a) reversed $13.2 million of previously-accrued compensation expense related to performance-based restricted stock units due to a change in the assessment of the achievability of performance goals and (b) recorded approximately $9 million of charges associated with prior year items related principally to employee benefits and lease accounting.

Research and development (R&D) expenses in 2009 were $101.9 million compared with $129.0 million in 2008 and $179.0 million in 2007. Included in R&D expenses in 2008 and 2007 were cost reduction charges of $3.7 million and $20.6 million, respectively. The decrease in R&D expenses principally reflects changes in the company's development model as the company has focused its investments on software development versus hardware design.

In 2009, the company reported an operating profit of $345.6 million compared with an operating profit of $40.7 million in 2008 and an operating profit of $85.9 million in 2007. The principal items affecting the comparison of 2009 with 2008 were the improved cost efficiencies in services delivery and the benefits from operating expense reductions. The principal items affecting the comparison of 2008 with 2007 were the overall revenue decline and the expiration of the one-time fixed royalty fee from Nihon Unisys Limited (NUL), discussed below. Revenue in 2008 declined approximately $56 million due to the expiration of this royalty fee. Operating profit in 2008 compared with 2007 also reflected a decline in pension expense of $86.3 million (pension income of $51.3 million in 2008 compared with pension expense of $35.0 million in 2007) and cost reduction charges of $103.1 million in 2008 compared with $118.3 million in 2007.

Pension income for 2009 was $23.6 million compared with pension income of $51.3 million in 2008 and pension expense of $35.0 million in 2007. The change in 2009 from 2008 was principally due to lower returns on plan assets worldwide. The change in 2008 from 2007 was principally due to increases in discount rates and higher returns on plan assets in prior years. The company records pension income or expense, as well as other employee-related costs such as payroll taxes and medical insurance costs, in operating income in the following income statement categories: cost of revenue; selling, general and administrative expenses; and research and development expenses. The amount allocated to each category is based on where the salaries of active employees are charged.

Effective January 1, 2009, the company match to the U.S. employee savings plan was suspended. The charge to income related to the company match for the years ended December 31, 2009, 2008 and 2007 was zero, $47.5 million and $47.4 million, respectively.

Due to changes in estimates related to cost reduction charges, during 2009 $1.4 million was recorded as income compared with $4.9 million of expense recorded in 2008 and $16.3 million of income recorded in 2007. In addition, during 2009, the company recorded a benefit of $11.2 million (a $5.4 million benefit in other income, a $6.1 million benefit in cost of revenue and an expense of $.3 million in selling, general and administrative expense related to legal fees) related to a 2009 change in Brazilian law involving a gross receipt tax.

Interest expense was $95.2 million in 2009, $85.1 million in 2008 and $76.3 million in 2007. The increase in interest expense in 2009 was primarily due to higher interest rates associated with the debt issued in connection with the debt exchange discussed below. The increase in interest expense in 2008 was primarily due to increased interest rates related to the refinancing of the company’s $200 million 7 7/8% notes due 2008 with the company’s $210 million 12 1/2% notes due 2016.

Other income (expense), net was expense of $15.8 million in 2009, compared with expense of $20.1 million in 2008 and income of $19.8 million in 2007. Included in 2009 was income of $5.4 million related to the Brazilian law change discussed above and foreign exchange losses of $12.2 million. The difference in 2008 from 2007 was principally due to a gain of $24.7 million on the sale of the company’s media business in 2007.

Income (loss) before income taxes in 2009 was income of $234.6 million compared with a loss of $64.5 million in 2008 and income of $29.4 million in 2007.

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

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

In 2005, based upon the level of historical taxable income and projections of future taxable income over the periods during which the deferred tax assets are deductible, management concluded that it was more likely than not that the U.S. and certain foreign deferred tax assets in excess of deferred tax liabilities would not be realized. A full valuation allowance was recognized in 2005 and is currently maintained for all U.S. and certain foreign deferred tax assets in excess of deferred tax liabilities. The company will record a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their deferred tax assets. Any profit or loss recorded for the company's U.S. operations will have no provision or benefit associated with it. As a result, the company's provision or benefit for taxes will vary significantly depending on the geographic distribution of income.

The realization of the remaining net deferred tax assets of approximately $173 million as of December 31, 2009 is primarily dependent on forecasted future taxable income within certain foreign jurisdictions. Any reduction in estimated forecasted future taxable income may require the company to record an additional valuation allowance against the remaining deferred tax assets. Any increase or decrease in the valuation allowance would result in additional or lower income tax expense in such period and could have a significant impact on that period's earnings.

The provision for income taxes in 2009, 2008 and 2007 was $41.6 million, $53.2 million and $82.7 million, respectively. The 2009 income tax provision includes a $28.7 million benefit due to changes in judgment about the company's ability to realize deferred tax assets in future years resulting in a net decrease in valuation allowances, an $11.1 million benefit related to provisions in the Housing and Economic Recovery Act of 2008 permitting certain research and alternative minimum tax (AMT) credit carryforwards to be refundable and a tax benefit of $7.7 million related to prior year tax adjustments. The 2008 income tax provision includes a $7.8 million benefit related to provisions in the Housing and Economic Recovery Act of 2008, a $9.7 million benefit due to changes in judgment about the company's ability to realize deferred tax assets in future years resulting in a net decrease in valuation allowances, and a tax benefit of $8.7 million related to prior year tax adjustments. The 2007 income tax provision includes a benefit of $39.4 million related to a Netherlands income tax audit settlement and a provision of $8.9 million due to a reduction of the UK income tax rate and its impact on the UK deferred tax assets.

Due to cumulative inflation of approximately 100 percent or more over the last 3-year period, the company's Venezuelan subsidiary will apply highly inflationary accounting beginning January 1, 2010. For those international subsidiaries operating in highly inflationary economies, the U.S. dollar is the functional currency, and as such, nonmonetary assets and liabilities are translated at historical exchange rates, and monetary assets and liabilities are translated at current exchange rates. Exchange gains and losses arising from translation are included in other income (expense), net. Effective January 11, 2010, the Venezuelan government devalued the Bolivar Fuertes by 50 percent by resetting the official exchange rate from 2.15 to the U.S. dollar to 4.30 to the U.S. dollar. As a result, the company expects to record a foreign exchange loss in the first quarter of 2010 of approximately $20 million.

*Segment results*

The company has two business segments: Services and Technology. Revenue classifications by segment are as follows: Services – systems integration and consulting, outsourcing, infrastructure services and core maintenance; Technology – enterprise-class servers and specialized technologies. The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profit on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are hardware and software sold to the Services segment for internal use in Services agreements. The amount of such profit included in operating income of the Technology segment for the years ended December 31, 2009, 2008 and 2007 was $14.8 million, $38.5 million and $17.3 million, respectively. The profit on these transactions is eliminated in Corporate.

The company evaluates business segment performance on operating income exclusive of cost-reduction charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments, based principally on revenue, employees, square footage or usage. Therefore, the segment comparisons below exclude the cost-reduction charges mentioned above. See Note 15 of the Notes to Consolidated Financial Statements.

Information by business segment for 2009, 2008 and 2007 is presented below:

| (millions of dollars) | Total | Eliminations | Services | Technology |
|---|---|---|---|---|
| 2009 | | | | |
| Customer revenue | $4,597.7 | | $4,036.9 | $ 560.8 |
| Intersegment | | $ (170.8) | 6.9 | 163.9 |
| Total revenue | $4,597.7 | $ (170.8) | $4,043.8 | $ 724.7 |
| Gross profit percent | 24.7% | | 18.8% | 49.6% |
| Operating income percent | 7.5% | | 6.2% | 12.4% |
| 2008 | | | | |
| Customer revenue | $5,233.2 | | $4,603.6 | $ 629.6 |
| Intersegment | | $ (232.0) | 13.9 | 218.1 |
| Total revenue | $5,233.2 | $ (232.0) | $4,617.5 | $ 847.7 |
| Gross profit percent | 21.5% | | 18.1% | 43.5% |
| Operating income percent | .8% | | 3.0% | 4.1% |
| 2007 | | | | |
| Customer revenue | $5,652.5 | | $4,846.7 | $ 805.8 |
| Intersegment | | $ (206.7) | 13.9 | 192.8 |
| Total revenue | $5,652.5 | $ (206.7) | $4,860.6 | $ 998.6 |
| Gross profit percent | 22.8% | | 17.4% | 47.0% |
| Operating income percent | 1.5% | | 2.5% | 8.3% |

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

Customer revenue by classes of similar products or services, by segment, for 2009, 2008 and 2007 is presented below:

| Year ended December 31 (millions) | **2009** | 2008 | Percent Change | 2007 | Percent Change |
|---|---|---|---|---|---|
| Services | | | | | |
| Systems integration and consulting | **$ 1,360.0** | $ 1,490.5 | (8.8)% | $ 1,504.2 | (.9)% |
| Outsourcing | **1,804.2** | 2,006.6 | (10.1)% | 2,039.7 | (1.6)% |
| Infrastructure services | **563.9** | 735.1 | (23.3)% | 878.2 | (16.3)% |
| Core maintenance | **308.8** | 371.4 | (16.9)% | 424.6 | (12.5)% |
| | **4,036.9** | 4,603.6 | (12.3)% | 4,846.7 | (5.0)% |
| Technology | | | | | |
| Enterprise-class servers | **464.6** | 515.8 | (9.9)% | 647.3 | (20.3)% |
| Specialized technologies | **96.2** | 113.8 | (15.5)% | 158.5 | (28.2)% |
| | **560.8** | 629.6 | (10.9)% | 805.8 | (21.9)% |
| Total | **$ 4,597.7** | $ 5,233.2 | (12.1)% | $ 5,652.5 | (7.4)% |

In the Services segment, customer revenue was $4.04 billion in 2009, $4.60 billion in 2008 and $4.85 billion in 2007. Services revenue in 2009 compared with 2008 was impacted by continued world wide weak demand and foreign currency exchange rates. Foreign currency had about a 5-percentage-point negative impact on Services revenue in 2009 compared with 2008.

Revenue from systems integration and consulting decreased 8.8% in 2009 compared with 2008, reflecting lower demand for project-based services and 2008 declined .9% compared with 2007.

Outsourcing revenue decreased 10.1% in 2009 from 2008 primarily reflecting declines in business processing outsourcing (BPO), and it decreased 1.6% in 2008 from 2007.

Infrastructure services revenue declined 23.3% in 2009 compared with 2008 and 16.3% in 2008 compared with 2007. The decline in both periods reflects the company's de-emphasis of lower-margin business, as well as the shift away from project work to managed outsourcing contracts.

Core maintenance revenue declined 16.9% from $371.4 million in 2008 to $308.8 million in 2009; it decreased 12.5% in 2008 from $424.6 million in 2007. The company expects the secular decline of core maintenance to continue.

Services gross profit was 18.8% in 2009, 18.1% in 2008 and 17.4% in 2007. Services operating income percent was 6.2% in 2009 compared with 3.0% in 2008 and 2.5% in 2007. Services margins in 2009 reflect the benefits from cost reduction actions. Services margins in 2008 reflect a decline in pension expense in gross profit of $64.7 million (income of $37.5 million in 2008 compared with expense of $27.2 million in 2007) and a decline in pension expense in operating income of $76.4 million (income of $41.2 million in 2008 compared with expense of $35.2 million in 2007).

In the Technology segment, customer revenue was $560.8 million in 2009, $629.6 million in 2008 and $805.8 million in 2007. Foreign currency translation had about a 1-percentage-point negative impact on Technology revenue in 2009 compared with 2008. The decline in Technology revenue in 2009 primarily reflects lower sales of ES7000 servers and specialized equipment, as well as the expiration of a royalty from NUL. The decline in Technology revenue in 2008 reflects the NUL revenue decline beginning in April 2008 due to expiration of the royalty fee. The company had recognized revenue of $18.8 million per quarter ($8.5 million in enterprise-class servers and $10.3 million in specialized technologies) under this royalty agreement over the three–year period ended March 31, 2008. The expiration of this royalty from NUL contributed about 7 percentage points, or approximately $56 million, of the technology segment's 22% decline in revenue in 2008. The company expects that future technology revenue will reflect the continuing secular decline in enterprise servers.

Revenue for the company's enterprise-class servers declined 9.9% in 2009 compared with 2008 and it declined 20.3% in 2008 compared with 2007. Technology sales in 2009 slowed as clients tightened spending on information technology projects due to economic concerns, as well as the secular decline in enterprise-class servers. The decline in 2008 compared with 2007 was principally due to the secular decline in enterprise-class servers and the expiration of the NUL royalty, described above.

Revenue from specialized technologies, which includes third-party technology products, the company's payment systems products and royalties from the company's agreement with NUL, decreased 15.5% in 2009 compared with 2008 and it decreased 28.2% in 2008 compared with 2007. The 2008 decline was principally due to the ending of the NUL royalties, discussed above.

Technology gross profit was 49.6% in 2009, 43.5% in 2008 and 47.0% in 2007. Technology operating income percent was 12.4% in 2009 compared with 4.1% in 2008 and 8.3% in 2007. The increase in gross profit margin and operating profit margin in 2009 compared with 2008 reflects a richer mix of high margin enterprise servers. The decline in operating profit margin in 2008 compared with 2007 primarily reflects the NUL revenue decline, discussed above, as well as the continuing secular decline in enterprise servers.

## New accounting pronouncements

See Note 5 of the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on results of operations and financial condition.

## Financial condition

The company's principal sources of liquidity are cash on hand, cash from operations and its U.S. trade accounts receivable facility, which is discussed below. The company's anticipated future cash expenditures are discussed below and include anticipated contributions to its defined benefit pension plans. The company believes that it will have adequate sources of liquidity to meet its expected 2010 cash requirements.

Cash and cash equivalents at December 31, 2009 were $647.6 million compared with $544.0 million at December 31, 2008.

During 2009, cash provided by operations was $396.8 million compared with $254.6 million in 2008. The increase was primarily the result of the change in net income between periods. Cash expenditures related to restructuring actions (which are included in operating activities) in 2009 and 2008 were $61.3 million and $60.4 million, respectively. Cash expenditures for restructuring actions are expected to be approximately $16 million in 2010. At December 31, 2009 and December 31, 2008, receivables of $100 million and $141 million, respectively, were sold under the company's U.S. securitization. Effective January 1, 2010, the company is required to adopt a new accounting standard whereby its U.S. trade accounts receivable facility will no longer meet the requirements to be treated as a sale of receivables, and therefore will be accounted for as a secured borrowing. This will decrease cash provided by operations by approximately $100 million in the first quarter of 2010 with an offsetting increase in cash received from financing activities.

Cash used for investing activities in 2009 was $271.3 million compared with cash used of $283.0 million in 2008. Items affecting cash used for investing activities were the following: Net proceeds from investments in 2009 were $1.3 million compared with net proceeds of $17.9 million in 2008. Proceeds from investments and purchases of investments represent derivative financial instruments used to manage the company's currency exposure to market risks from changes in foreign currency exchange rates. The amount of proceeds and purchases of investments has declined significantly from last year, principally reflecting the fact that in the fourth quarter of 2008, the company capitalized certain intercompany balances for foreign subsidiaries which reduced the need for these derivatives. During the year ended December 31, 2009, the company used $86.8 million of cash to collateralize letters of credit. In addition in 2009, the investment in marketable software was $57.6 million compared with $84.5 million in 2008, capital additions of properties were $45.9 million in 2009 compared with $76.9 million in 2008 and capital additions of outsourcing assets were $97.8 million in 2009 compared with $133.1 million in 2008.

Cash used for financing activities during 2009 was $46.1 million compared with cash used of $200.9 million in 2008. Cash used during 2009 relates to the debt exchange discussed below. The prior-year period includes the redemption, at par, of all of the company's $200 million 7 7/8% senior notes due April 1, 2008.

At December 31, 2009, total debt was $911.7 million, a decrease of $148.9 million from December 31, 2008, due to the debt exchange described below.

On July 31, 2009, the company completed offers to exchange its 6 7/8% senior notes due 2010 (the 2010 Notes), its 8% senior notes due 2012 (the 2012 Notes), its 8 1/2% senior notes due 2015 (the 2015 Notes) and its 12 1/2% senior notes due 2016 (the 2016 Notes) in private placements for new 12 3/4% senior secured notes due 2014 (the First Lien Notes), new 14 1/4% senior secured notes due 2015 (the Second Lien Notes and, together with First Lien Notes, the New Secured Notes), shares of the company's common stock and cash. On that date, the company issued $385.0 million aggregate principal amount of First Lien Notes, $246.6 million aggregate principal amount of Second Lien Notes and 5.2 million shares of common stock and paid $30.0 million in cash in exchange for $235.1 million aggregate principal amount of 2010 Notes, $332.0 million aggregate principal amount of 2012 Notes, $134.0 million aggregate principal amount of 2015 Notes, and $59.4 million aggregate principal amount of 2016 Notes. The New Secured Notes, which are not registered with the Securities and Exchange Commission, are guaranteed by Unisys Holding Corporation, a wholly-owned Delaware corporation that directly or indirectly holds the shares of substantially all of the company's foreign subsidiaries, and by certain of the company's other current and future U.S. subsidiaries. The First Lien Notes and Second Lien Notes are secured by first-priority liens and second priority liens, respectively, (in each case, subject to permitted prior liens) by substantially all of the company's assets, except (i) accounts receivable that are subject to one or more receivables facilities, (ii) real estate located outside the U.S., (iii) cash or cash equivalents securing reimbursement obligations under letters of credit or surety bonds and (iv) certain other excluded assets. The company recognized a net gain of $.5 million on the exchange in "Other income (expense), net". As a result of the exchange, annual interest expense will increase by approximately $23 million.

The company and certain international subsidiaries have access to uncommitted lines of credit from various banks.

In May 2008, the company entered into a three-year, U.S. trade accounts receivable facility. Under this facility, the company has agreed to sell, on an ongoing basis, through Unisys Funding Corporation I, a wholly owned subsidiary, up to $150 million of interests in eligible U.S. trade accounts receivable. Under the facility, receivables are sold at a discount that reflects, among other things, a yield based on LIBOR subject to a minimum rate. The facility includes customary representations and warranties, including no material adverse change in the company’s business, assets, liabilities, operations or financial condition. It also requires the company to maintain a minimum fixed charge coverage ratio and requires the maintenance of certain ratios related to the sold receivables. Other termination events include failure to perform covenants, materially incorrect representations and warranties, change of control and default under debt aggregating at least $25 million. The average life of the receivables sold is about 45 days. At December 31, 2009 and December 31, 2008, the company had sold $100 million and $141 million, respectively, of eligible receivables.

At December 31, 2009, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions.

As described more fully in Notes 9 and 12 of the Notes to Consolidated Financial Statements, at December 31, 2009, the company had certain cash obligations, which are due as follows:

| (millions of dollars) | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
|---|---|---|---|---|---|
| Long-term debt | $ 933.9 | $ 65.8 | $ 69.7 | $ 385.2 | $ 413.2 |
| Interest payments on long-term debt | 605.3 | 112.1 | 219.7 | 208.8 | 64.7 |
| Operating leases | 404.3 | 91.2 | 123.8 | 85.3 | 104.0 |
| Minimum purchase obligations | 29.6 | 7.8 | 15.9 | 5.9 | – |
| Total | $1,973.1 | $ 276.9 | $ 429.1 | $ 685.2 | $ 581.9 |

As described in Note 16 of the Notes to Consolidated Financial Statements, the company expects to make cash contributions of approximately $115 million to its worldwide defined benefit pension plans, principally international plans, in 2010. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to make cash contributions to its U.S. qualified defined benefit pension plan in 2010. Under current U.S. Pension Protection Act (PPA) rules, the company believes that it would be required to make a cash contribution of up to approximately $30 million in 2011 to its U.S. qualified defined benefit pension plan.

At December 31, 2009, the company had outstanding standby letters of credit and surety bonds of approximately $285 million related to performance and payment guarantees. On the basis of experience with these arrangements, the company believes that any obligations that may arise will not be material.

The company may, from time to time, redeem, tender for, or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions and other factors. The company has on file with the Securities and Exchange Commission an effective registration statement covering $1.1 billion of debt or equity securities, which enables the company to be prepared for future market opportunities.

Stockholders’ deficit decreased $152.1 million during 2009, principally reflecting consolidated net income of $189.3 million, the issuance of common stock in the debt exchange of $91.8 million and $71.6 million of currency translation gains, offset in part by a decline of $180.5 million in the funded status of the company’s defined benefit plans and a decline in noncontrolling interest of $22.0 million.

Goodwill is reviewed annually for impairment and whenever events or circumstances occur indicating that goodwill may be impaired. The company performed its annual impairment test in the fourth quarter of 2009, which indicated that goodwill was not impaired. At December 31, 2009, the company does not have any reporting units that are at risk of failing the company’s goodwill impairment review.

## Market risk

The company has exposure to interest rate risk from its short-term and long-term debt. In general, the company's long-term debt is fixed rate, and, to the extent it has any, its short-term debt is variable rate. See Note 9 of the Notes to Consolidated Financial Statements for components of the company's long-term debt. The company believes that the market risk assuming a hypothetical 10% increase in interest rates would not be material to the fair value of these financial instruments, or the related cash flows, or future results of operations.

The company is also exposed to foreign currency exchange rate risks. The company is a net receiver of currencies other than the U.S. dollar and, as such, can benefit from a weaker dollar, and can be adversely affected by a stronger dollar relative to major currencies worldwide. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, may adversely affect consolidated revenue and operating margins as expressed in U.S. dollars. To minimize currency exposure gains and losses, the company enters into forward exchange contracts and has natural hedges by purchasing components and incurring expenses in local currencies. The company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign currency exchange rates. The derivative instruments used are foreign exchange forward contracts. See Note 13 of the Notes to Consolidated Financial Statements for additional information on the company's derivative financial instruments.

The company has performed a sensitivity analysis assuming a hypothetical 10% adverse movement in foreign currency exchange rates applied to these derivative financial instruments described above. As of December 31, 2009 and 2008, the analysis indicated that such market movements would have reduced the estimated fair value of these derivative financial instruments by approximately $4 million and $3 million, respectively. Based on changes in the timing and amount of interest rate and foreign currency exchange rate movements and the company's actual exposures and hedges, actual gains and losses in the future may differ from the above analysis.

## Critical accounting policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. Certain accounting policies, methods and estimates are particularly important because of their significance to the financial statements and because of the possibility that future events affecting them may differ from management's current judgments. The company bases its estimates and judgments on historical experience and on other assumptions that it believes are reasonable under the circumstances; however, to the extent there are material differences between these estimates, judgments and assumptions and actual results, the financial statements will be affected. Although there are a number of accounting policies, methods and estimates affecting the company's financial statements as described in Note 1 of the Notes to Consolidated Financial Statements, the following critical accounting policies reflect the significant estimates, judgments and assumptions. The development and selection of these critical accounting policies have been determined by management of the company and the related disclosures have been reviewed with the Audit Committee of the Board of Directors.

*Outsourcing*

Typically, the initial terms of the company's outsourcing contracts are between 3 and 10 years. In certain of these arrangements, the company hires certain of the customers' employees and often becomes responsible for the related employee obligations, such as pension and severance commitments. In addition, system development activity on outsourcing contracts often requires significant upfront investments by the company. The company funds these investments, and any employee-related obligations, from customer prepayments and operating cash flow. Also, in the early phases of these contracts, gross margins may be lower than in later years when the work force and facilities have been rationalized for efficient operations, and an integrated systems solution has been implemented.

Revenue under these contracts is recognized when the company performs the services or processes transactions in accordance with contractual performance standards. Customer prepayments (even if nonrefundable) are deferred (classified as a liability) and recognized systematically as revenue over the initial contract term.

Costs on outsourcing contracts are charged to expense as incurred. However, direct costs incurred related to the inception of an outsourcing contract are deferred and charged to expense over the initial contract term. These costs consist principally of initial customer setup and employment obligations related to employees hired under terms of the outsourcing contracts. In addition, the costs of equipment and software, some of which are internally developed, are capitalized and depreciated over the shorter of their life or the initial contract term.

Recoverability of outsourcing assets is subject to various business risks, including the timely completion and ultimate cost of the outsourcing solution, and realization of expected profitability of existing outsourcing contracts. The company quarterly compares the carrying value of the outsourcing assets with the undiscounted future cash flows expected to be generated by the outsourcing assets to determine if there is an impairment. If impaired, the outsourcing assets are reduced to an estimated fair value on a discounted cash flow approach. The company prepares its cash flow estimates based on assumptions that it believes to be reasonable but are also inherently uncertain. Actual future cash flows could differ from these estimates. At December 31, 2009 and 2008, the net capitalized amount related to outsourcing contracts was $277.1 million and $314.9 million, respectively.

*Revenue recognition*

The majority of the company's sales agreements contain standard business terms and conditions; however, some agreements contain multiple elements or non-standard terms and conditions. As discussed in Note 1 of the Notes to Consolidated Financial Statements, the company enters into multiple-element arrangements, which may include any combination of hardware, software or services. As a result, significant contract interpretation is sometimes required to determine the appropriate accounting, including whether the deliverables specified in a multiple-element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, if so, how the price should be allocated among the elements and when to recognize revenue for each element. The company recognizes revenue on delivered elements only if: (a) any undelivered products or services are not essential to the functionality of the delivered products or services, (b) the company has an enforceable claim to receive the amount due in the event it does not deliver the undelivered products or services, (c) there is evidence of the fair value for each undelivered product or service, and (d) the revenue recognition criteria otherwise have been met for the delivered elements. Otherwise, revenue on delivered elements is recognized as the undelivered elements are delivered. For arrangements with multiple elements where software is more than incidental to the arrangement, fair value of undelivered products or services is determined by "vendor-specific objective evidence," which is based upon normal pricing and discounting practices for those products and services when sold separately. The company's continued ability to determine vendor-specific objective evidence of fair value will depend on continued sufficient volumes and sufficient consistent pricing of stand-alone sales of such undelivered elements. In addition, the company's revenue recognition policy states that revenue is not recognized until collectibility is deemed probable. Changes in judgments on these assumptions and estimates could materially impact the timing of revenue recognition.

For long-term fixed price systems integration contracts, the company recognizes revenue and profit as the contracts progress using the percentage-of-completion method of accounting, which relies on estimates of total expected contract revenues and costs. The company follows this method because reasonably dependable estimates of the revenue and costs applicable to various elements of a contract can be made. The financial reporting of these contracts depends on estimates, which are assessed continually during the term of the contracts and therefore, recognized revenues and profit are subject to revisions as the contract progresses to completion. Revisions in profit estimates are reflected in the period in which the facts that give rise to the revision become known. Accordingly, favorable changes in estimates result in additional revenue and profit recognition, and unfavorable changes in estimates result in a reduction of recognized revenue and profit. When estimates indicate that a loss will be incurred on a contract upon completion, a provision for the expected loss is recorded in the period in which the loss becomes evident. As work progresses under a loss contract, revenue continues to be recognized, and a portion of the contract costs incurred in each period is charged to the contract loss reserve. For other systems integration projects, the company recognizes revenue when the services have been performed.

*Income Taxes*

Accounting rules governing income taxes require that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. These rules also require that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or the entire deferred tax asset will not be realized. In 2005, the company recorded a noncash charge of $1.6 billion to increase the valuation allowance against deferred taxes.

At December 31, 2009 and 2008, the company had deferred tax assets in excess of deferred tax liabilities of $2,694 million and $2,672 million, respectively. For the reasons cited below, at December 31, 2009 and 2008, management determined that it is more likely than not that $173 million and $85 million, respectively, of such assets will be realized, resulting in a valuation allowance of $2,521 million and $2,587 million, respectively.

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

Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. Factors that may affect the company's ability to achieve sufficient forecasted taxable income include, but are not limited to, the following: increased competition, a continuing decline in sales or margins, loss of market share, delays in product availability or technological obsolescence. See "Factors that may affect future results."

The company's provision for income taxes and the determination of the resulting deferred tax assets and liabilities involve a significant amount of management judgment and are based on the best information available at the time. The company operates within federal, state and international taxing jurisdictions and is subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended period of time to resolve. As a result, the actual income tax liabilities in the jurisdictions with respect to any fiscal year are ultimately determined long after the financial statements have been published.

Accounting rules governing income taxes also prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The company maintains reserves for estimated tax exposures including penalties and interest. Income tax exposures include potential challenges of research and development credits and intercompany pricing. Exposures are settled primarily through the settlement of audits within these tax jurisdictions, but can also be affected by changes in applicable tax law or other factors, which could cause management of the company to believe a revision of past estimates is appropriate. Management believes that an appropriate liability has been established for estimated exposures; however, actual results may differ materially from these estimates. The liabilities are reviewed quarterly for their adequacy and appropriateness. See Note 7 of the Notes to Consolidated Financial Statements.

*Pensions*

Accounting rules governing defined benefit pension plans require that amounts recognized in financial statements be determined on an actuarial basis. The measurement of the company's pension obligations, costs and liabilities is dependent on a variety of assumptions selected by the company and used by the company's actuaries. These assumptions include estimates of the present value of projected future pension payments to plan participants, taking into consideration the likelihood of potential future events such as salary increases and demographic experience. The assumptions used in developing the required estimates include the following key factors: discount rates, salary growth, retirement rates, inflation, expected return on plan assets and mortality rates.

As permitted for purposes of computing pension expense, the company uses a calculated value of plan assets (which is further described below). This allows that the effects of the performance of the pension plan's assets and changes in pension liability discount rates on the company's computation of pension income (expense) be amortized over future periods. A substantial portion of the company's pension plan assets and liabilities relates to its qualified defined benefit plan in the United States.

A significant element in determining the company's pension income (expense) is the expected long-term rate of return on plan assets. The company sets the expected long-term rate of return based on the expected long-term return of the various asset categories in which it invests. The company considers the current expectations for future returns and the actual historical returns of each asset class. Also, because the company's investment policy is to actively manage certain asset classes where the potential exists to outperform the broader market, the expected returns for those asset classes are adjusted to reflect the expected additional returns. For 2010 and 2009, the company has assumed that the expected long-term rate of return on U.S. plan assets will be 8.75%. A change of 25 basis points in the expected long-term rate of return for the company's U.S. pension plan causes a change of approximately $10 million in pension expense. The assumed long-term rate of return on assets is applied to a calculated value of plan assets, which recognizes changes in the fair value of plan assets in a systematic manner over four years. This produces the expected return on plan assets that is included in pension income (expense). The difference between this expected return and the actual return on plan assets is deferred. The net deferral of past asset gains (losses) affects the calculated value of plan assets and, ultimately, future pension income (expense). At December 31, 2009, for the company's U.S. qualified defined benefit pension plan, the calculated value of plan assets was $4.36 billion and the fair value was $3.74 billion.

At the end of each year, the company determines the discount rate to be used to calculate the present value of plan liabilities. The discount rate is an estimate of the current interest rate at which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, the company looks to rates of return on high-quality, fixed-income investments that (a) receive one of the two highest ratings given by a recognized ratings agency and (b) are currently available and expected to be available during the period to maturity of the pension benefits. At December 31, 2009, the company determined this rate to be 6.11% for its U.S. defined benefit pension plans, a decrease of 64 basis points from the rate used at December 31, 2008. A change of 25 basis points in the U.S. discount rate causes a change in pension expense of approximately zero and a change of approximately $110 million in the benefit obligation. The net effect of changes in the discount rate, as well as the net effect of other changes in actuarial assumptions and experience, has been deferred, as permitted.

Gains and losses are defined as changes in the amount of either the projected benefit obligation or plan assets resulting from experience different from that assumed and from changes in assumptions. Because gains and losses may reflect refinements in estimates as well as real changes in economic values and because some gains in one period may be offset by losses in another and vice versa, the accounting rules do not require recognition of gains and losses as components of net pension cost of the period in which they arise.

As a minimum, amortization of an unrecognized net gain or loss must be included as a component of net pension cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the greater of the projected benefit obligation or the calculated value of plan assets. At December 31, 2009, based on the calculated value of plan assets, the estimated unrecognized loss was $1.62 billion.

For the year ended December 31, 2009, the company recognized consolidated pretax pension income of $23.6 million, compared with pretax pension income of $51.3 million for the year ended December 31, 2008. The decrease in pension income in 2009 from 2008 was principally due to increases in discount rates and higher returns on plan assets in prior years. For 2010, the company expects to recognize pension expense of approximately zero. This would represent a decrease in pension income of approximately $24 million from 2009. See Note 16 of the Notes to Consolidated Financial Statements.

During 2009, the company made cash contributions to its worldwide defined benefit pension plans (principally international plans) of approximately $94.0 million and expects to make cash contributions of approximately $115 million during 2010. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to make cash contributions to its U.S. qualified defined benefit pension plan in 2010. Under current U.S. Pension Protection Act (PPA) rules, the company believes that it would be required to make a cash contribution of up to approximately $30 million in 2011 to its U.S. qualified defined benefit pension plan.

*Restructuring*

In recent years, the company engaged in actions associated with cost reduction initiatives. The company's cost-reduction actions require significant estimates including (a) expenses for severance and other employee separation costs, (b) remaining lease obligations, including sublease income, and (c) other exit costs. The company has accrued amounts that it believes are its best estimates of the obligations it expects to incur in connection with these actions, but these estimates are subject to change due to market conditions and final negotiations. Should the actual amounts differ from the estimated amounts, the charges could be materially impacted. In 2008 and 2007, the company recognized cost reduction charges, which are discussed in more detail in Note 3 of the Notes to Consolidated Financial Statements.

## 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. Forward-looking statements provide current expectations of future events and include any statement that does not directly relate to any historical or current fact. Words such as "anticipates," "believes," "expects," "intends," "plans," "projects" and similar expressions may identify such forward-looking statements. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company's actual results to differ materially from expectations. Factors that could affect future results include, but are not limited to, those discussed below. Any forward-looking statement speaks only as of the date on which that statement is made. The company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

Factors that could affect future results include the following:

*The company's business is affected by the economic and business environment.* The company's recent financial results have been impacted by the global economic slowdown. The company has seen this slowdown particularly in its financial services business but also in other key commercial industries, as clients reacted to economic uncertainties by reducing information technology spending. Decreased demand for the company's services and products has impacted its revenue and profit margins. If current economic conditions continue or worsen, including if the company's customers are unable to obtain financing to purchase the company's services and products due to tight credit conditions, the company could see further reductions in demand and increased pressure on revenue and profit margins. The company could also see a further consolidation of clients, which could also result in a decrease in demand. The company's business could also be affected by acts of war, terrorism or natural disasters. Current world tensions could escalate, and this could have unpredictable consequences on the world economy and on the company's business.

*The company's future results may depend on its ability to access external credit markets.* The capital and credit markets have been experiencing volatility and disruption. In addition, the commercial lending market has contracted, with limited new loan originations or refinancings taking place. Based on the current lending environment, the company may have difficulty accessing significant additional capital in the credit markets on acceptable terms. The company's ability to refinance its outstanding debt could be affected by credit market conditions. Current financial markets may impact the company's ability to utilize surety bonds, letters of credit, foreign exchange derivatives and other financial instruments the company uses to conduct its business. Although the company intends to use cash on hand to address its liquidity needs, its ability to do so assumes that its operations will continue to generate sufficient cash.

*The company has significant pension obligations.* The company has unfunded obligations under its U.S. and non-U.S. defined benefit pension plans. The company expects to make cash contributions of approximately $115 million to its worldwide, primarily non-U.S., defined benefit pension plans in 2010. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to fund its U.S. qualified defined benefit pension plan in 2010. Under current U.S. Pension Protection Act (PPA) rules, the company believes that it would be required to make a cash contribution of up to approximately $30 million in 2011 to its U.S. qualified defined benefit pension plan.

Deterioration in the value of the company’s worldwide defined benefit pension plan assets could require the company to make larger cash contributions to its defined benefit pension plans in the future. In addition, the funding of plan deficits over a shorter period of time than currently anticipated could result in making cash contributions to these plans on a more accelerated basis. Either of these events would reduce the cash available for working capital and other corporate uses and may have an adverse impact on the company’s operations, financial condition and liquidity.

*The company’s future results will depend on the success of its turnaround program.* Over the past several years, the company has implemented and is continuing to implement, significant cost-reduction measures intended to achieve profitability. In prior years, the company has incurred significant cost reduction charges in connection with these efforts. Future results will depend on the success of these efforts as well as on the success of the company’s program to focus its global resources and simplify its business structure. This program is based on various assumptions, including assumptions regarding market segment growth, client demand, and the proper skill set of and training for sales and marketing management and personnel, all of which are subject to change. Furthermore, the company’s institutional stockholders may attempt to influence these strategies.

*The company faces aggressive competition in the information services and technology marketplace.* The information services and technology markets in which the company operates include a large number of companies vying for customers and market share both domestically and internationally. The company’s competitors include consulting and other professional services firms, systems integrators, outsourcing providers, infrastructure services providers, computer hardware manufacturers and software providers. Some of the company’s competitors may develop competing products and services that offer better price-performance or that reach the market in advance of the company’s offerings. Some competitors also have or may develop greater financial and other resources than the company, with enhanced ability to compete for market share, in some instances through significant economic incentives to secure contracts. Some also may be better able to compete for skilled professionals. Any of these factors could lead to reduced demand for the company’s products and services and could have an adverse effect on the company’s business. Future results will depend on the company’s ability to mitigate the effects of aggressive competition on revenues, pricing and margins and on the company’s ability to attract and retain talented people.

*The company faces volatility and rapid technological change in its industry.* The company operates in a highly volatile industry characterized by rapid technological change, evolving technology standards, short product life cycles and continually changing customer demand patterns. Future success will depend in part on the company’s ability to anticipate and respond to these market trends and to design, develop, introduce, deliver or obtain new and innovative products and services on a timely and cost-effective basis. The company may not be successful in anticipating or responding to changes in technology, industry standards or customer preferences, and the market may not demand or accept its services and product offerings. In addition, products and services developed by competitors may make the company’s offerings less competitive.

*The company’s future results will depend on its ability to retain significant clients.* The company has a number of significant long-term contracts with clients, including governmental entities, and its future success will depend, in part, on retaining its relationships with these clients. The company could lose clients for such reasons as contract expiration, conversion to a competing service provider, disputes with clients or a decision to in-source services, including for contracts with governmental entities as part of the rebid process. The company could also lose clients as a result of their merger, acquisition or business failure. The company may not be able to replace the revenue and earnings from any such lost client.

*The company’s future results will depend in part on its ability to grow outsourcing.* The company’s outsourcing contracts are multiyear engagements under which the company takes over management of a client’s technology operations, business processes or networks. In a number of these arrangements, the company hires certain of its clients’ employees and may become responsible for the related employee obligations, such as pension and severance commitments. In addition, system development activity on outsourcing contracts may require the company to make significant upfront investments. The company will need to have available sufficient financial resources in order to take on these obligations and make these investments.

Recoverability of outsourcing assets is dependent on various factors, including the timely completion and ultimate cost of the outsourcing solution, and realization of expected profitability of existing outsourcing contracts. These risks could result in an impairment of a portion of the associated assets, which are tested for recoverability quarterly.

As long-term relationships, outsourcing contracts provide a base of recurring revenue. However, outsourcing contracts are highly complex and can involve the design, development, implementation and operation of new solutions and the transitioning of clients from their existing business processes to the new environment. In the early phases of these contracts, gross margins may be lower than in later years when an integrated solution has been implemented, the duplicate costs of transitioning from the old to the new system have been eliminated and the work force and facilities have been rationalized for efficient operations. Future results will depend on the company’s ability to effectively and timely complete these implementations, transitions and rationalizations.

*Future results will also depend in part on the company’s ability to drive profitable growth in consulting and systems integration.* The company’s ability to grow profitably in this business will depend on the level of demand for systems integration projects and the portfolio of solutions the company offers for specific industries. It will also depend on an improvement in the utilization of services delivery personnel. In addition, profit margins in this business are largely a function of the rates the company is able to charge for services and the chargeability of its professionals. If the company is unable to attain sufficient rates and chargeability for its professionals, profit margins will suffer. The rates the company is able to charge for services are affected by a number of factors, including clients’ perception of the company’s ability to add value through its services; introduction of new services or products by the company or its competitors; pricing policies of competitors; and general economic conditions. Chargeability is also affected by a number of factors, including the company’s ability to transition employees from completed projects to new engagements, and its ability to forecast demand for services and thereby maintain an appropriate headcount.

*Future results will also depend, in part, on market demand for the company’s high-end enterprise servers and maintenance on these servers.* In the company’s technology business, high-end enterprise servers and maintenance on these servers continue to experience secular revenue declines. The company continues to apply its resources to develop value-added software capabilities and optimized solutions for these server platforms which provide competitive differentiation. Future results will depend, in part, on customer acceptance of ClearPath systems and the company’s ability to maintain its installed base for ClearPath and to develop next-generation ClearPath products that are purchased by the installed base.

*The company’s contracts with U.S. governmental agencies may be subject to audits, criminal penalties, sanctions and other expenses and fines.* The company frequently enters into contracts with governmental entities. U.S. government agencies, including the Defense Contract Audit Agency and the Department of Labor, routinely audit government contractors. These agencies review a contractor’s performance under its contracts, cost structure and compliance with applicable laws, regulations and standards. The U.S. government also may review the adequacy of, and a contractor’s compliance with contract terms and conditions, its systems and policies, including the contractor’s purchasing, property, estimating, billing, accounting, compensation and management information systems. Any costs found to be overcharged or improperly allocated to a specific contract or any amounts improperly billed for products or services will be subject to reimbursement to the government. If an audit uncovers improper or illegal activities, the company may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business with the U.S. government.

*The company’s contracts may not be as profitable as expected or provide the expected level of revenues*. A number of the company’s long-term contracts for infrastructure services, outsourcing, help desk and similar services do not provide for minimum transaction volumes. As a result, revenue levels are not guaranteed. In addition, some of these contracts may permit customer termination or may impose other penalties if the company does not meet the performance levels specified in the contracts.

The company’s contracts with governmental entities are subject to the availability of appropriated funds. These contracts also contain provisions allowing the governmental entity to terminate the contract at the governmental entity’s discretion before the end of the contract’s term. In addition, if the company’s performance is unacceptable to the customer under a government contract, the government retains the right to pursue remedies under the affected contract, which remedies could include termination.

Certain of the company’s outsourcing agreements require that the company’s prices be benchmarked and provide for a downward adjustment to those prices if the pricing for similar services in the market has changed. As a result, anticipated revenues from these contracts may decline.

Some of the company’s systems integration contracts are fixed-price contracts under which the company assumes the risk for delivery of the contracted services and products at an agreed-upon fixed price. At times the company has experienced problems in performing some of these fixed-price contracts on a profitable basis and has provided periodically for adjustments to the estimated cost to complete them. Future results will depend on the company’s ability to perform these services contracts profitably.

*The company may face damage to its reputation or legal liability if its clients are not satisfied with its services or products.* The success of the company’s business is dependent on strong, long-term client relationships and on its reputation for responsiveness and quality. As a result, if a client is not satisfied with the company’s services or products, its reputation could be damaged and its business adversely affected. Allegations by private litigants or regulators of improper conduct, as well as negative publicity and press speculation about the company, whatever the outcome and whether or not valid, may harm its reputation. In addition to harm to reputation, if the company fails to meet its contractual obligations, it could be subject to legal liability, which could adversely affect its business, operating results and financial condition.

*Future results will depend in part on the performance and capabilities of third parties.* The company has commercial relationships with suppliers, channel partners and other parties that have complementary products, services or skills. Future results will depend, in part, on the performance and capabilities of these third parties, on the ability of external suppliers to deliver components at reasonable prices and in a timely manner, and on the financial condition of, and the company’s relationship with, distributors and other indirect channel partners.

*The company is subject to the risks of doing business internationally.* More than half of the company’s total revenue is derived from international operations. The risks of doing business internationally include foreign currency exchange rate fluctuations, currency restrictions and devaluations, changes in political or economic conditions, trade protection measures, import or export licensing requirements, multiple and possibly overlapping and conflicting tax laws, new tax legislation, weaker intellectual property protections in some jurisdictions and additional legal and regulatory compliance requirements applicable to businesses that operate internationally, including the Foreign Corrupt Practices Act and non-U.S. laws and regulations.

*The company could face business and financial risk in implementing future dispositions or acquisitions.* As part of the company’s business strategy, it may from time to time consider disposing of existing technologies, products and businesses that may no longer be in alignment with its strategic direction, including transactions of a material size or acquiring complementary technologies, products and businesses. Potential risks with respect to dispositions include difficulty finding buyers or alternative exit strategies on acceptable terms in a timely manner; potential loss of employees; and dispositions at unfavorable prices or on unfavorable terms, including relating to retained liabilities. Any acquisitions may result in the incurrence of substantial additional indebtedness or contingent liabilities. Acquisitions could also result in potentially dilutive issuances of equity securities and an increase in amortization expenses related to intangible assets. Additional potential risks associated with acquisitions include integration difficulties; difficulties in maintaining or enhancing the profitability of any acquired business; risks of entering markets in which the company has no or limited prior experience; potential loss of employees or failure to maintain or renew any contracts of any acquired business; and expenses of any undiscovered or potential liabilities of the acquired product or business, including relating to employee benefits contribution obligations or environmental requirements. Further, with respect to both dispositions and acquisitions, management’s attention could be diverted from other business concerns. Current adverse credit conditions could also affect the company’s ability to consummate divestments or acquisitions. The risks associated with dispositions and acquisitions could have a material adverse effect upon the company’s business, financial condition and results of operations. There can be no assurance that the company will be successful in consummating future dispositions or acquisitions on favorable terms or at all.

*The company’s services or products may infringe upon the intellectual property rights of others.* The company cannot be sure that its services and products do not infringe on the intellectual property rights of third parties, and it may have infringement claims asserted against it or against its clients. These claims could cost the company money, prevent it from offering some services or products, or damage its reputation.

*Pending litigation could affect the company’s results of operations or cash flow.* There are various lawsuits, claims, investigations and proceedings that have been brought or asserted against the company, which arise in the ordinary course of business, including actions with respect to commercial and government contracts, labor and employment, employee benefits, environmental matters and intellectual property. See Note 14 of the Notes to Consolidated Financial Statements for more information on litigation. The company believes that it has valid defenses with respect to legal matters pending against it. Litigation is inherently unpredictable, however, and it is possible that the company’s results of operations or cash flow could be affected in any particular period by the resolution of one or more of the legal matters pending against it.

# Unisys Corporation

## Consolidated Financial Statements

### Consolidated Statements of Income

| Year ended December 31 (millions, except per share data) | **2009** | 2008 | 2007 |
|---|---|---|---|
| **Revenue** | | | |
| Services | **$4,036.9** | $4,603.6 | $ 4,846.7 |
| Technology | **560.8** | 629.6 | 805.8 |
| | **4,597.7** | 5,233.2 | 5,652.5 |
| **Costs and expenses** | | | |
| Cost of revenue: | | | |
| Services | **3,214.4** | 3,765.9 | 3,989.3 |
| Technology | **246.6** | 340.6 | 376.2 |
| | **3,461.0** | 4,106.5 | 4,365.5 |
| Selling, general and administrative expenses | **689.2** | 957.0 | 1,022.1 |
| Research and development expenses | **101.9** | 129.0 | 179.0 |
| | **4,252.1** | 5,192.5 | 5,566.6 |
| **Operating profit** | **345.6** | 40.7 | 85.9 |
| **Interest expense** | **95.2** | 85.1 | 76.3 |
| **Other income (expense), net** | **(15.8)** | (20.1) | 19.8 |
| **Income (loss) before income taxes** | **234.6** | (64.5) | 29.4 |
| **Provision for income taxes** | **41.6** | 53.2 | 82.7 |
| **Consolidated net income (loss)** | **193.0** | (117.7) | (53.3) |
| **Net income attributable to noncontrolling interests** | **(3.7)** | (12.4) | (25.8) |
| **Net income (loss) attributable to Unisys Corporation** | **$ 189.3** | $ (130.1) | $ (79.1) |
| **Earnings (loss) per share attributable to Unisys Corporation** | | | |
| Basic | **$ 4.82** | $ (3.62) | $ (2.26) |
| Diluted | **$ 4.75** | $ (3.62) | $ (2.26) |

*See notes to consolidated financial statements.*

# Unisys Corporation

## Consolidated Balance Sheets

| December 31 (millions) | 2009 | 2008 |
|---|---|---|
| ***Assets*** | | |
| **Current assets** | | |
| Cash and cash equivalents | **$ 647.6** | $ 544.0 |
| Accounts and notes receivable, net | **790.7** | 818.5 |
| Inventories: | | |
| Parts and finished equipment | **57.5** | 64.7 |
| Work in process and materials | **43.0** | 70.7 |
| Deferred income taxes | **19.9** | 23.8 |
| Prepaid expenses and other current assets | **144.7** | 116.7 |
| Total | **1,703.4** | 1,638.4 |
| **Properties** | **1,374.3** | 1,416.0 |
| Less – Accumulated depreciation and amortization | **1,146.4** | 1,139.5 |
| Properties, net | **227.9** | 276.5 |
| **Outsourcing assets, net** | **277.1** | 314.9 |
| **Marketable software, net** | **154.9** | 202.0 |
| **Prepaid postretirement assets** | **–** | 20.7 |
| **Deferred income taxes** | **180.6** | 87.6 |
| **Goodwill** | **198.5** | 189.4 |
| **Other long-term assets** | **214.5** | 94.6 |
| **Total** | **$ 2,956.9** | $ 2,824.1 |
| ***Liabilities and stockholders' deficit*** | | |
| **Current liabilities** | | |
| Current maturities of long-term debt | **$ 65.8** | $ 1.5 |
| Accounts payable | **307.4** | 379.2 |
| Other accrued liabilities | **1,021.6** | 1,045.7 |
| Total | **1,394.8** | 1,426.4 |
| **Long-term debt** | **845.9** | 1,059.1 |
| **Long-term postretirement liabilities** | **1,640.6** | 1,497.0 |
| **Other long-term liabilities** | **347.3** | 265.4 |
| **Commitments and contingencies** | | |
| **Stockholders' deficit** | | |
| Common stock, par value $.01 per share (72.0 million shares authorized; 42.5 million shares and 37.2 million shares issued) | **.4** | .4 |
| Accumulated deficit | **(2,406.7)** | (2,596.0) |
| Treasury stock, at cost | **(45.0)** | (44.8) |
| Paid-in capital | **4,196.5** | 4,102.6 |
| Accumulated other comprehensive loss | **(3,013.5)** | (2,904.6) |
| Noncontrolling interests | **(3.4)** | 18.6 |
| Stockholders' deficit | **(1,271.7)** | (1,423.8) |
| **Total** | **$ 2,956.9** | $ 2,824.1 |

*See notes to consolidated financial statements.*

# Unisys Corporation

## Consolidated Statements of Cash Flows

| Year ended December 31 (millions, except per share data) | **2009** | 2008 | 2007 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Consolidated net income (loss) | **$ 193.0** | $ (117.7) | $ (53.3) |
| Add (deduct) items to reconcile consolidated net income (loss) to net cash provided by operating activities: | | | |
| Company stock issued for U.S. 401(k) plan | **–** | 41.8 | 47.4 |
| Employee stock compensation | **.7** | 1.1 | 7.7 |
| Depreciation and amortization of properties | **96.9** | 105.7 | 115.1 |
| Depreciation and amortization of outsourcing assets | **151.0** | 162.6 | 143.8 |
| Amortization of marketable software | **104.6** | 149.7 | 121.6 |
| Disposal of capital assets | **10.8** | 12.9 | 14.2 |
| Loss (gain) on sale of assets | **8.8** | – | (24.7) |
| (Increase) decrease in deferred income taxes, net | **(87.9)** | (9.9) | 82.7 |
| Decrease in receivables, net | **62.1** | 186.7 | 176.2 |
| Decrease in inventories | **14.0** | 27.2 | 10.7 |
| Increase in other assets | **(121.9)** | (119.7) | (32.2) |
| Decrease in accounts payable and other accrued liabilities | **(70.7)** | (110.9) | (298.9) |
| Increase (decrease) in other liabilities | **37.3** | (79.1) | (129.1) |
| Other | **(1.9)** | 4.2 | (8.1) |
| Net cash provided by operating activities | **396.8** | 254.6 | 173.1 |
| **Cash flows from investing activities** | | | |
| Proceeds from investments | **404.1** | 6,208.2 | 7,718.5 |
| Purchases of investments | **(402.8)** | (6,190.3) | (7,728.3) |
| Collateralized letters of credit | **(86.8)** | – | – |
| Investment in marketable software | **(57.6)** | (84.5) | (94.0) |
| Capital additions of properties | **(45.9)** | (76.9) | (77.5) |
| Capital additions of outsourcing assets | **(97.8)** | (133.1) | (137.5) |
| Proceeds from sales of assets | **17.4** | – | 29.3 |
| Purchase of businesses | **(1.9)** | (6.4) | (1.2) |
| **Net cash used for investing activities** | **(271.3)** | (283.0) | (290.7) |
| **Cash flows from financing activities** | | | |
| Payments of long-term debt | **(30.0)** | (200.0) | – |
| Financing fees | **(16.1)** | (.8) | – |
| Net reduction in short-term borrowings | **–** | (.1) | (1.1) |
| Proceeds from exercise of stock options | **–** | – | 12.3 |
| Dividends paid to noncontrolling interests | **–** | – | (5.8) |
| Proceeds from issuance of long-term debt | **–** | – | 204.2 |
| **Net cash (used for) provided by financing activities** | **(46.1)** | (200.9) | 209.6 |
| **Effect of exchange rate changes on cash and cash equivalents** | **24.2** | (56.9) | 18.9 |
| **Increase (decrease) in cash and cash equivalents** | **103.6** | (286.2) | 110.9 |
| **Cash and cash equivalents, beginning of year** | **544.0** | 830.2 | 719.3 |
| **Cash and cash equivalents, end of year** | **$ 647.6** | $ 544.0 | $ 830.2 |

*See notes to consolidated financial statements.*

# Unisys Corporation

## Consolidated Statements of Stockholders' Equity (Deficit)

| | | | Unisys Corporation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Common Stock | | | Treasury Stock | | | | |
| (millions) | Total | Compre-hensive Income(Loss) | Total | Par Value | Shares | Accumu-lated Deficit | Cost | Shares | Paid-in Capital | Accumu-lated Other Compre-hensive Loss | Non-controlling Interests |
| Balance at December 31, 2006 | $ (47.3) | | $ (59.5) | $ 3.5 | 347.5 | $(2,386.8) | $(43.6) | (2.1) | $3,988.7 | $(1,621.3) | $ 12.2 |
| Retroactive application of one-for-ten reverse stock split | | | | (3.1) | (312.8) | | | 1.9 | 3.1 | | |
| Stock-based compensation | 66.8 | | 66.8 | | .9 | | (.9) | | 67.7 | | |
| Dividends paid to noncontrolling interests | (5.8) | | | | | | | | | | (5.8) |
| Comprehensive Income: | | | | | | | | | | | |
| Consolidated net income (loss) | (53.3) | $ (53.3) | (79.1) | | | (79.1) | | | | | 25.8 |
| Other comprehensive income: | | | | | | | | | | | |
| Translation adjustments | 38.4 | 38.4 | 37.8 | | | | | | | 37.8 | .6 |
| Postretirement plans | 405.3 | 405.3 | 420.6 | | | | | | | 420.6 | (15.3) |
| | 443.7 | 443.7 | | | | | | | | | |
| Comprehensive income | 390.4 | 390.4 | | | | | | | | | |
| Balance at December 31, 2007 | 404.1 | | 386.6 | .4 | 35.6 | (2,465.9) | (44.5) | (.2) | 4,059.5 | (1,162.9) | 17.5 |
| Stock-based compensation | 42.8 | | 42.8 | | 1.6 | | (.3) | | 43.1 | | |
| Dividends paid to noncontrolling interests | (.9) | | | | | | | | | | (.9) |
| Share purchase of noncontrolling interests | (3.7) | | | | | | | | | | (3.7) |
| Comprehensive Loss: | | | | | | | | | | | |
| Consolidated net income (loss) | (117.7) | (117.7) | (130.1) | | | (130.1) | | | | | 12.4 |
| Other comprehensive loss: | | | | | | | | | | | |
| Translation adjustments | (121.0) | (121.0) | (106.2) | | | | | | | (106.2) | (14.8) |
| Postretirement plans | (1,627.4) | (1,627.4) | (1,635.5) | | | | | | | (1,635.5) | 8.1 |
| | (1,748.4) | (1,748.4) | | | | | | | | | |
| Comprehensive loss | (1,866.1) | (1,866.1) | | | | | | | | | |
| Balance at December 31, 2008 | (1,423.8) | | (1,442.4) | .4 | 37.2 | (2,596.0) | (44.8) | (.2) | 4,102.6 | (2,904.6) | 18.6 |
| Stock-based compensation | 1.9 | | 1.9 | | .1 | | (.2) | | 2.1 | | |
| Shares issued in debt exchange | 91.8 | | 91.8 | | 5.2 | | | | 91.8 | | |
| Comprehensive Income: | | | | | | | | | | | |
| Consolidated net income | 193.0 | 193.0 | 189.3 | | | 189.3 | | | | | 3.7 |
| Other comprehensive income: | | | | | | | | | | | |
| Translation adjustments | 78.1 | 78.1 | 71.6 | | | | | | | 71.6 | 6.5 |
| Postretirement plans | (212.7) | (212.7) | (180.5) | | | | | | | (180.5) | (32.2) |
| | (134.6) | (134.6) | | | | | | | | | |
| Comprehensive income | 58.4 | 58.4 | | | | | | | | | |
| Balance at December 31, 2009 | $(1,271.7) | | $(1,268.3) | $ .4 | 42.5 | $(2,406.7) | $(45.0) | (.2) | $4,196.5 | $(3,013.5) | $ (3.4) |

*See notes to consolidated financial statements.*

# Unisys Corporation

## Notes to Consolidated Financial Statements

### 1. Summary of significant accounting policies

**Principles of consolidation** The consolidated financial statements include the accounts of all majority-owned subsidiaries.

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

**Cash equivalents** All short-term investments purchased with a maturity of three months or less and certificates of deposits which may be withdrawn at any time at the discretion of the company without penalty are classified as cash equivalents.

**Inventories** Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

**Properties** Properties are carried at cost and are depreciated over the estimated lives of such assets using the straight-line method. The estimated lives used, in years, are as follows: buildings, 20 – 50; machinery and office equipment, 4 – 7; rental equipment, 4; and internal-use software, 3 – 10.

**Advertising costs** All advertising costs are expensed as incurred. The amount charged to expense during 2009, 2008 and 2007 was $1.6 million, $5.9 million and $10.2 million, respectively.

**Shipping and handling** Costs related to shipping and handling is included in cost of revenue.

**Revenue recognition** Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable, and collectibility is probable.

Revenue from hardware sales with standard payment terms is recognized upon the passage of title and the transfer of risk of loss. Outside the United States, the company recognizes revenue even if it retains a form of title to products delivered to customers, provided the sole purpose is to enable the company to recover the products in the event of customer payment default and the arrangement does not prohibit the customer's use of the product in the ordinary course of business.

Revenue from software licenses with standard payment terms is recognized at the inception of the initial license term and upon execution of an extension to the license term. The company also enters into multiple-element arrangements, which may include any combination of hardware, software or services. In these transactions, the company allocates the total revenue to be earned under the arrangement among the various elements based on their fair value. For software, and elements for which software is essential to the functionality, the allocation of revenue is based on vendor-specific objective evidence (VSOE) of fair value. VSOE of fair value for all elements of an arrangement is based upon the normal pricing and discounting practices for those products and services when sold separately. There may be cases in which there is VSOE of fair value of the undelivered elements but no such evidence for the delivered elements. In these cases, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of consideration allocated to the delivered elements equals the total arrangement consideration less the aggregate VSOE of fair value of the undelivered elements. The company recognizes revenue on delivered elements only if: (a) any undelivered products or services are not essential to the functionality of the delivered products or services, (b) the company has an enforceable claim to receive the amount due in the event it does not deliver the undelivered products or services, (c) there is evidence of the fair value for each undelivered products or services, and (d) the revenue recognition criteria otherwise have been met for the delivered elements. Otherwise, revenue on delivered elements is recognized as the undelivered elements are delivered.

Revenue from hardware sales and software licenses with extended payment terms is recognized as payments from customers become due (assuming that all other conditions for revenue recognition have been satisfied).

Revenue from equipment and software maintenance and post-contract support is recognized on a straight-line basis as earned over the terms of the respective contracts. Cost related to such contracts is recognized as incurred.

Revenue and profit under systems integration contracts are recognized either on the percentage-of-completion method of accounting using the cost-to-cost method, or when services have been performed, depending on the nature of the project. For contracts accounted for on the percentage-of-completion basis, revenue and profit recognized in any given accounting period are based on estimates of total projected contract costs. The estimates are continually reevaluated and revised, when necessary, throughout the life of a contract. Any adjustments to revenue and profit resulting from changes in estimates are accounted for in the period of the change in estimate. When estimates indicate that a loss will be incurred on a contract upon completion, a provision for the expected loss is recorded in the period in which the loss becomes evident.

Revenue from time and materials service contracts and outsourcing contracts is recognized as the services are provided.

**Income taxes** Income taxes are based on income before taxes for financial reporting purposes and reflect a current tax liability for the estimated taxes payable in the current-year tax return and changes in deferred taxes. Deferred tax assets or liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax laws and rates. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the asset will not be realized. The company has elected the policy of not providing for intra-period tax allocations between pretax earnings and other comprehensive income in instances where there is no net tax provision. This determination is made for each tax jurisdiction.

The company recognizes penalties and interest accrued related to income tax liabilities in provision for income taxes in its consolidated statements of income.

**Marketable software** The cost of development of computer software to be sold or leased, incurred subsequent to establishment of technological feasibility, is capitalized and amortized to cost of sales over the estimated revenue-producing lives of the products, but not in excess of three years following product release. The company performs quarterly reviews to ensure that unamortized costs remain recoverable from future revenue.

**Internal-use software** The company capitalizes certain internal and external costs incurred to acquire or create internal-use software, principally related to software coding, designing system interfaces, and installation and testing of the software. These costs are amortized in accordance with the fixed asset policy described above.

**Outsourcing assets** Costs on outsourcing contracts are generally expensed as incurred. However, certain costs incurred upon initiation of an outsourcing contract are deferred and expensed over the initial contract life. These costs consist principally of initial customer setup and employment obligations related to employees hired under terms of the outsourcing contracts. Additionally, marketable software development costs incurred to develop specific application software for outsourcing are capitalized once technological feasibility has been established. Capitalized software used in outsourcing arrangements is amortized based on current and estimated future revenue from the product. The amortization expense is not less than straight-line amortization expense over the product’s useful life. Fixed assets acquired in connection with outsourcing contracts are capitalized and depreciated over the shorter of the initial contract life or in accordance with the fixed asset policy described above.

Recoverability of outsourcing assets is subject to various business risks, including the timely completion and ultimate cost of the outsourcing solution, realization of expected profitability of existing outsourcing contracts and obtaining additional outsourcing customers. The company quarterly compares the carrying value of the outsourcing assets with the undiscounted future cash flows expected to be generated by the outsourcing assets to determine if there is impairment. If impaired, the outsourcing assets are reduced to an estimated fair value on a discounted cash flow basis. The company prepares its cash flow estimates based on assumptions that it believes to be reasonable but are also inherently uncertain. Actual future cash flows could differ from these estimates.

**Translation of foreign currency** The local currency is the functional currency for most of the company's international subsidiaries, and as such, assets and liabilities are translated into U.S. dollars at year-end exchange rates. Income and expense items are translated at average exchange rates during the year. Translation adjustments resulting from changes in exchange rates are reported in other comprehensive income (loss). Exchange gains and losses on intercompany balances are reported in other income (expense), net.

For those international subsidiaries operating in highly inflationary economies, the U.S. dollar is the functional currency, and as such, nonmonetary assets and liabilities are translated at historical exchange rates, and monetary assets and liabilities are translated at current exchange rates. Exchange gains and losses arising from translation are included in other income (expense), net.

**Stock-based compensation plans** Stock-based compensation represents the cost related to stock-based awards granted to employees and directors. The company recognizes compensation expense for the fair value of stock options, which have graded vesting, on a straight-line basis over the requisite service period. The company estimates the fair value of stock options using a Black-Scholes valuation model. The expense is recorded in selling, general and administrative expenses.

**Retirement benefits** Accounting rules covering defined benefit pension plans require that amounts recognized in financial statements be determined on an actuarial basis. A significant element in determining the company's pension income (expense) is the expected long-term rate of return on plan assets. This expected return is an assumption as to the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected pension benefit obligation. The company applies this assumed long-term rate of return to a calculated value of plan assets, which recognizes changes in the fair value of plan assets in a systematic manner over four years. This produces the expected return on plan assets that is included in pension income (expense). The difference between this expected return and the actual return on plan assets is deferred. The net deferral of past asset gains (losses) affects the calculated value of plan assets and, ultimately, future pension income (expense).

At December 31 of each year, the company determines the fair value of its pension plan assets as well as the discount rate to be used to calculate the present value of plan liabilities. The discount rate is an estimate of the interest rate at which the pension benefits could be effectively settled. In estimating the discount rate, the company looks to rates of return on high-quality, fixed-income investments currently available and expected to be available during the period to maturity of the pension benefits. The company uses a portfolio of fixed-income securities, which receive at least the second-highest rating given by a recognized ratings agency.

**Reverse stock split** On October 23, 2009, a one-for-ten reverse stock split of the company's common stock became effective. As a result of the stock split, every ten shares of issued and outstanding common stock were automatically combined into one issued and outstanding share of common stock without any change in the par value of the shares. Accordingly, the financial statements and accompanying notes reflect the impact of the reverse stock split applied on a retroactive basis.

**Fair value measurements** Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. When determining fair value measurements for assets and liabilities required to be recorded at fair value, the company considers the principal or most advantageous market in which it would transact and also considers assumptions that market participants would use when pricing an asset or liability. The fair value hierarchy has three levels of inputs that may be used to measure fair value: Level 1 – Quoted market prices in active markets for identical assets or liabilities; Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data; and Level 3 – Unobservable inputs that are not corroborated by market data. The company has applied fair value measurements to its derivatives (see note 13) and to its postretirement plan assets (see note 16).

### 2. Earnings per share

The following table shows how the earnings (loss) per share attributable to Unisys Corporation were computed for the three years ended December 31, 2009.

| Year ended December 31 (millions, except per share data) | **2009** | 2008 | 2007 |
|---|---|---|---|
| **Basic earnings (loss) per share** | | | |
| Net income (loss) attributable to Unisys Corporation | **$ 189.3** | $(130.1) | $ (79.1) |
| Weighted average shares (thousands) | **39,241** | 35,978 | 34,966 |
| **Basic earnings (loss) per share** | **$ 4.82** | $ (3.62) | $ (2.26) |
| **Diluted earnings (loss) per share computation** | | | |
| Net income (loss) attributable to Unisys Corporation | **$ 189.3** | $(130.1) | $ (79.1) |
| Weighted average shares (thousands) | **39,241** | 35,978 | 34,966 |
| Plus incremental shares from assumed conversions of employee stock plans | **593** | – | – |
| Adjusted weighted average shares | **39,834** | 35,978 | 34,966 |
| **Diluted earnings (loss) per share** | **$ 4.75** | $ (3.62) | $ (2.26) |

The following weighted-average securities were antidilutive and therefore excluded from the computation of diluted earnings per share (in thousands): 2009, 3,165; 2008, 4,131; 2007, 4,081.

### 3. Cost-reduction charges

During 2007, the company consolidated facility space and committed to a reduction of 1,737 employees. This resulted in pretax charges of $116.8 million which were recorded in the following statement of income classifications: cost of revenue – services, $31.8 million; cost of revenue – technology, $3.9 million; selling, general and administrative expenses, $62.0 million; and research and development expenses, $20.6 million. In addition, the portion of the cost-reduction charges related to noncontrolling interests was $1.5 million and is included in net income attributable to noncontrolling interests.

During 2008, the company consolidated facility space and committed to a reduction of 1,304 employees. This resulted in pretax charges of $103.1 million which were recorded in the following statement of income classifications: cost of revenue – services, $36.1 million; cost of revenue – technology, $14.3 million; selling, general and administrative expenses, $49.0 million; and research and development expenses, $3.7 million.

A further breakdown of the individual components of these costs follows:

| | | | **Work-Force Reductions** | | **Idle Lease** |
|---|---|---|---|---|---|
| (in millions of dollars) | **Headcount** | **Total** | **U.S.** | **Int'l.** | **Cost** |
| Balance at December 31, 2007 | 727 | $ 92.0 | $ 21.1 | $31.1 | $ 39.8 |
| Additional provisions | 1,304 | 63.0 | 20.2 | 22.4 | 20.4 |
| Utilized | (1,201) | (57.9) | (17.6) | (25.8) | (14.5) |
| Changes in estimates and revisions | (43) | 4.9 | 1.4 | (.1) | 3.6 |
| Translation adjustments | | (6.2) | – | (.4) | (5.8) |
| Balance at December 31, 2008 | 787 | 95.8 | 25.1 | 27.2 | 43.5 |
| Utilized | (724) | (63.0) | (21.8) | (23.2) | (18.0) |
| Changes in estimates and revisions | (63) | (1.4) | (3.3) | .6 | 1.3 |
| Translation adjustments | | 2.3 | – | (.4) | 2.7 |
| Balance at December 31, 2009 | – | $ 33.7 | $ – | $4.2 | $ 29.5 |
| Expected future utilization: | | | | | |
| 2010 | – | $ 16.0 | $ – | $4.2 | $ 11.8 |
| Beyond 2010 | | 17.7 | – | – | 17.7 |

## 4. Goodwill

Goodwill is reviewed annually for impairment and whenever events or circumstances occur indicating that goodwill may be impaired. The company performed its annual impairment test in the fourth quarter of 2009, which indicated that goodwill was not impaired.

Changes in the carrying amount of goodwill by segment for the years ended December 31, 2009 and 2008 were as follows:

| (millions) | Total | Services | Technology |
|---|---|---|---|
| Balance at December 31, 2007 | $200.6 | $ 88.9 | $ 111.7 |
| Translation adjustments | (11.2) | (9.0) | (2.2) |
| Balance at December 31, 2008 | 189.4 | 79.9 | 109.5 |
| Sale of subsidiary | (1.0) | (.2) | (.8) |
| Translation adjustments | 10.1 | 8.7 | 1.4 |
| Balance at December 31, 2009 | $198.5 | $ 88.4 | $ 110.1 |

## 5. Recent accounting pronouncements and accounting changes

Effective December 31, 2009, the company adopted an accounting standard which provides guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. Specifically, employers are required to disclose information about how investment allocation decisions are made, more information about major classes of plan assets, including concentrations of risk and fair value measurements, and the fair value techniques used to measure plan assets. See Note 16.

Effective September 30, 2009, the company adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (the Codification). The Codification is not expected to change U.S. generally accepted accounting principles but combines all nongovernmental authoritative standards into a comprehensive, topically organized online database. All other accounting literature excluded from the Codification will be considered nonauthoritative. All references to authoritative accounting literature have been made in accordance with the Codification.

Effective July 1, 2009, the company adopted an accounting standard which provides additional guidance clarifying the measurement of liabilities at fair value and addresses several key issues with respect to estimating the fair value of liabilities. Among other things, the guidance clarifies how the price of a traded debt security should be considered in estimating the fair value of the issuer's liability. Adoption of the standard did not have an impact on the company's consolidated results of operations and financial position.

Effective June 30, 2009, the company adopted an accounting standard which requires an entity to provide disclosures about fair value of financial instruments in interim financial statements.

Effective January 1, 2009, the company adopted an accounting standard related to business combinations, which established principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The accounting standard applies to business combinations for which the acquisition date is on or after January 1, 2009.

Effective January 1, 2009, the company adopted an accounting standard which describes a noncontrolling interest, sometimes called a minority interest, as the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The accounting standard establishes accounting and reporting standards that require, among other items: (a) the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent's equity; (b) the amount of consolidated net income (loss) attributable to the parent and the noncontrolling interests be clearly identified and presented on the face of the consolidated statement of income; and (c) entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. As required by the accounting standard, the presentation and disclosure requirements have been applied retrospectively for all periods presented. As a result of the adoption, in addition to making these presentation and disclosure changes, the company made the following retroactive adjustments: the December 31, 2008 noncontrolling interests' balance of $30.5 million, previously presented in other long-term liabilities, has been presented as part of stockholders' deficit. Also, in connection with the adoption, the December 31, 2008 and 2007 noncontrolling interests portion of the postretirement plans, which had previously been included in Accumulated Other Comprehensive Income, has been recorded as a reduction in the noncontrolling interests included in stockholders' deficit.

Effective January 1, 2009, the company adopted an accounting standard which requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. See Note 13.

Effective January 1, 2008, the company adopted an accounting standard which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, the standard does not require any new fair value measurements. In February 2008, the FASB deferred the effective date for one year for certain nonfinancial assets and nonfinancial liabilities. Adoption of the standard did not have an impact on the company's consolidated results of operations and financial position.

Effective January 1, 2008, the company adopted an accounting standard, which permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reportable in earnings. Adoption of the standard did not have an impact on the company's consolidated results of operations and financial position.

In June 2009, the FASB issued an accounting standard which among other changes, eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, defines the term participating interest to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale and requires additional disclosures. The standard is effective as of the beginning of a reporting entity's first annual reporting period that begins after November 15, 2009 (which for the company is January 1, 2010), for interim periods within the first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. The recognition and measurement provisions are effective for transfers occurring on or after the effective date. The company's current U.S. trade accounts receivable facility will no longer meet the requirements to be treated as a sale of receivables, and therefore will be accounted for as a secured borrowing with pledge of collateral.

In June 2009, the FASB issued an accounting standard, which changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. The standard is effective as of the beginning of a reporting entity's first annual reporting period that begins after November 15, 2009 (which for the company is January 1, 2010), for interim periods within the first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. Adoption of the standard is not expected to have a material impact on the company's consolidated results of operations, financial position and cash flows.

In October 2009, the FASB issued two accounting standards. The first standard supersedes certain prior accounting guidance and requires an entity to allocate arrangement consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices (i.e., the relative-selling-price method). The standard eliminates the use of the residual method of allocation and requires the relative-selling-price method in all circumstances in which an entity recognizes revenue for an arrangement with multiple deliverables subject to this standard. The second standard amends prior software revenue recognition accounting guidance by excluding from the scope of such prior guidance tangible products that contain both software elements and non-software elements that function together to deliver the tangible product's essential functionality. Both of these standards must be adopted at the same time and both will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, which for the company is January 1, 2011. Early adoption is permitted. If an entity elects early adoption and the period of adoption is not the beginning of the entity's fiscal year, the entity is required to apply the amendments retrospectively from the beginning of the entity's fiscal year. An entity may elect, but is not required, to adopt these amendments retrospectively to prior periods. The company is currently assessing when it will adopt these standards and is evaluating the impact of the adoption on its consolidated results of operations and financial position; however, the company expects, as indicated in the standards, that the application of the amended guidance will result in revenue being recognized earlier than had been required under the amended guidance.

**6. Accounts receivable**

In May 2008, the company entered into a three-year, U.S. trade accounts receivable facility. Under this facility, the company has agreed to sell, on an ongoing basis, through Unisys Funding Corporation I, a wholly owned subsidiary, up to $150 million of interests in eligible U.S. trade accounts receivable. Under the facility, receivables are sold at a discount that reflects, among other things, a yield based on LIBOR subject to a minimum rate. The facility includes customary representations and warranties, including no material adverse change in the company's business, assets, liabilities, operations or financial condition. It also requires the company to maintain a minimum fixed charge coverage ratio and requires the maintenance of certain ratios related to the sold receivables. Other termination events include failure to perform covenants, materially incorrect representations and warranties, change of control and default under debt aggregating at least $25 million.

The company received proceeds of $1.2 billion in 2009, $1.5 billion in 2008 and $1.4 billion in 2007, from ongoing sales of accounts receivable interests under its U.S. trade accounts receivable facilities. At December 31, 2009 and 2008, the company retained subordinated interests of $240 million and $291 million, respectively, in the associated receivables; these receivables have been included in accounts and notes receivable in the accompanying consolidated balance sheets. As collections reduce previously sold interests, interests in new, eligible receivables can be sold, subject to meeting certain conditions. At December 31, 2009 and 2008, receivables of $100 million and $141 million, respectively, were sold and therefore removed from the accompanying consolidated balance sheets.

The selling price of the receivables interests reflects a discount (5.3% at both December 31, 2009 and 2008). The company remains responsible for servicing the underlying accounts receivable. The company estimates the fair value of its retained interests by considering two key assumptions: the payment rate, which is derived from the average life of the accounts receivable, which is about 45 days, and the rate of expected credit losses. Based on the company's favorable collection experience and very short-term nature of the receivables, both assumptions are considered to be highly predictable. Therefore, the company's estimated fair value of its retained interests in the pool of eligible receivables is approximately equal to book value, less the associated allowance for doubtful accounts. The discount on the sales of these accounts receivable during the years ended December 31, 2009, 2008 and 2007, was $5.6 million, $7.2 million and $8.5 million, respectively. The discount is recorded in other income (expense), net in the accompanying consolidated statements of income.

Accounts receivable consist principally of trade accounts receivable from customers and are generally unsecured and due within 30 days. Credit losses relating to these receivables consistently have been within management's expectations. Expected credit losses are recorded as an allowance for doubtful accounts in the consolidated balance sheets. Estimates of expected credit losses are based primarily on the aging of the accounts receivable balances. The company records a specific reserve for individual accounts when it becomes aware of a customer's inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. The collection policies and procedures of the company vary by credit class and prior payment history of customers.

Revenue recognized in excess of billings on services contracts, or unbilled accounts receivable, was $154.0 million and $170.7 million at December 31, 2009 and 2008, respectively. Such amounts, a portion of which are awaiting resolution of contract disputes, are included in accounts and notes receivable, net and are stated at net realizable value.

The allowance for doubtful accounts, which is reported as a deduction from accounts and notes receivable, was $45.7 million and $51.0 million at December 31, 2009 and 2008, respectively. The provision for doubtful accounts, which is reported in selling, general and administrative expenses in the consolidated statements of income, was (income) expense of $(1.2) million, $7.0 million and $(6.1) million, in 2009, 2008 and 2007, respectively.

### 7. Income taxes

Following is the total income (loss) before income taxes and the provision for income taxes for the three years ended December 31, 2009.

| Year ended December 31 (millions) | **2009** | 2008 | 2007 |
|---|---|---|---|
| Income (loss) before income taxes | | | |
| United States | **$ 45.5** | $(138.5) | $(207.2) |
| Foreign | **189.1** | 74.0 | 236.6 |
| Total income (loss) before income taxes | **$234.6** | $ (64.5) | $ 29.4 |
| Provision for income taxes | | | |
| Current | | | |
| United States | **$ (6.7)** | $ (5.0) | $ 15.3 |
| Foreign | **45.1** | 64.4 | 43.2 |
| State and local | **(.4)** | (2.4) | (9.9) |
| Total | **38.0** | 57.0 | 48.6 |
| Deferred | | | |
| Foreign | **3.6** | (3.8) | 34.1 |
| Total provision for income taxes | **$ 41.6** | $ 53.2 | $ 82.7 |

Following is a reconciliation of the provision for income taxes at the United States statutory tax rate to the provision for income taxes as reported:

| Year ended December 31 (millions) | **2009** | 2008 | 2007 |
|---|---|---|---|
| United States statutory income tax provision (benefit) | **$ 82.1** | $(22.6) | $ 10.3 |
| U.S. income or loss for which no provision or benefit has been recognized | **(11.7)** | 53.6 | 87.8 |
| Foreign tax expense, including withholding taxes | **18.0** | 47.4 | 3.5 |
| Change in valuation allowances due to changes in judgment | **(28.7)** | (9.7) | – |
| Effect of tax rate changes on temporary differences | **2.0** | – | 9.1 |
| Tax refund claims, audit issues and other matters | | | |
| U.S. Federal refundable credits | **(11.1)** | (7.8) | – |
| U.S. state | **(.2)** | (2.4) | (9.9) |
| Foreign | **(8.8)** | (5.3) | (18.1) |
| Provision for income taxes | **$ 41.6** | $ 53.2 | $ 82.7 |

Included in the caption “U.S. income or loss for which no provision or benefit has been recognized” for 2009 and 2008 are permanent items of $76.9 million and $32.4 million, respectively. Included in the caption “Foreign tax expense, including withholding taxes” for 2009 and 2008 are withholding taxes of $12.4 million and $15.4 million and differences between U.S. and foreign tax rates of controlled foreign corporations of $11.3 million and $5.6 million, respectively. In addition, the 2009 and 2008 provision for other foreign income tax matters includes tax benefits of $7.7 million and $8.7 million, respectively, related to prior year foreign tax adjustments. In 2007, the company settled an income tax audit in the Netherlands and as a result, recorded a tax benefit of $39.4 million and received a refund, including interest, of approximately $57 million.

Deferred tax assets are required to be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. The 2007 provision for income taxes includes $8.9 million due to a reduction in the UK income tax rate. The rate reduction from 30% to 28% was enacted in the third quarter effective April 1, 2008. The provision of $8.9 million was caused by a write down of the UK net deferred tax assets to the 28% rate.

Cumulative undistributed earnings of foreign subsidiaries, for which no U.S. income or foreign withholding taxes have been recorded, approximated $873 million at December 31, 2009. As the company intends to indefinitely reinvest all such earnings, no provision has been made for income taxes that may become payable upon distribution of such earnings, and it is not practicable to determine the amount of the related unrecognized deferred income tax liability. Although there are no specific plans to distribute the undistributed earnings in the immediate future, where economically appropriate to do so, such earnings may be remitted.

Cash paid, net of refunds, during 2009, 2008 and 2007 for income taxes was $58.2 million, $56.7 million and $12.6 million, respectively.

At December 31, 2009, the company has U.S. federal and state and local tax loss carryforwards and foreign tax loss carryforwards for certain foreign subsidiaries, the tax effect of which is approximately $688.4 million. These carryforwards will expire as follows (in millions): 2010, $7.4; 2011, $22.1; 2012, $9.4; 2013, $11.4; 2014, $16.6; and $621.5 thereafter. The company also has available tax credit carryforwards of approximately $588.5 million, which will expire as follows (in millions): 2010, $37.9; 2011, $14.3; 2012, $67.1; 2013, $46.4; 2014, $22.1; and $400.7 thereafter.

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities at December 31, 2009 and 2008 were as follows:

| December 31 (millions) | 2009 | 2008 |
|---|---|---|
| **Deferred tax assets** | | |
| Tax loss carryforwards | **$ 688.4** | $ 656.2 |
| Postretirement benefits | **591.2** | 578.3 |
| Foreign tax credit carryforwards | **412.3** | 355.3 |
| Capitalized research and development | **354.5** | 404.6 |
| Other tax credit carryforwards | **176.2** | 199.4 |
| Deferred revenue | **105.8** | 103.9 |
| Employee benefits and compensation | **70.5** | 44.8 |
| Depreciation | **67.4** | 66.4 |
| Capitalized intellectual property rights | **57.1** | 85.6 |
| Purchased capitalized software | **51.5** | 53.1 |
| Warranty, bad debts and other reserves | **46.4** | 46.4 |
| Debt related | **41.4** | – |
| Capitalized costs | **23.6** | 24.1 |
| Impairment charge related to outsourcing assets | **11.4** | 10.6 |
| Restructuring | **11.3** | 30.4 |
| Other | **42.5** | 54.0 |
| | **2,751.5** | 2,713.1 |
| Valuation allowance | **(2,520.5)** | (2,587.2) |
| Total deferred tax assets | **$ 231.0** | $ 125.9 |
| **Deferred tax liabilities** | | |
| Tax basis investment impairment | **$ 20.3** | $ – |
| Other | **37.7** | 40.8 |
| Total deferred tax liabilities | **$ 58.0** | $ 40.8 |
| Net deferred tax assets | **$ 173.0** | $ 85.1 |

The company has $173.0 million of net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of such assets. Factors that may affect the company’s ability to achieve sufficient forecasted taxable income include, but are not limited to, the following: increased competition, a decline in sales or margins, loss of market share, the impact of the current economic environment, delays in product availability and technological obsolescence.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

| Year ended December 31 (millions) | **2009** | 2008 |
|---|---|---|
| Balance at January 1 | **$ 8.8** | $15.1 |
| Additions based on tax positions related to the current year | **–** | – |
| Additions for tax positions of prior years | **.6** | 1.8 |
| Reductions for tax positions of prior years | **(1.4)** | (1.6) |
| Reductions as a result of a lapse of applicable statute of limitations | **–** | (1.2) |
| Settlements | **(4.0)** | (5.3) |
| Balance at December 31 | **$ 4.0** | $ 8.8 |

The company recognizes penalties and interest accrued related to income tax liabilities in the provision for income taxes in its consolidated statements of income. At December 31, 2009 and 2008, the company had an accrual of $.5 million and $3.3 million, respectively, for the payment of penalties and interest.

At December 31, 2009, the company had a liability for unrecognized tax benefits of $4.0 million, all of which, if recognized, would affect the company's effective tax rate. Within the next 12 months, the company believes that it is reasonably possible that the amount of unrecognized tax benefits may significantly change; however, various events could cause this belief to change in the future.

The company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. The company has concluded a U.S. federal income tax audit of the years 2000-2003 with no material impact. Several U.S. state and foreign income tax audits are in process. There are currently no income tax audits in process in either Brazil or the United Kingdom, which are the most significant jurisdictions outside the U.S. For Brazil, the audit period through 2003 is closed and for the United Kingdom, the audit period through 2005 is closed. All of the various ongoing income tax audits throughout the world are not expected to have a material impact on the company's financial position.

**8. Properties**

Properties comprise the following:

| December 31 (millions) | **2009** | 2008 |
|---|---|---|
| Land | **$ 3.9** | $ 3.9 |
| Buildings | **69.9** | 100.9 |
| Machinery and office equipment | **891.3** | 936.5 |
| Internal-use software | **294.9** | 286.8 |
| Rental equipment | **114.3** | 87.9 |
| Total properties | **$1,374.3** | $1,416.0 |

**9. Debt**

Long-term debt is comprised of the following:

| December 31 (millions) | **2009** | 2008 |
|---|---|---|
| 12 3/4% senior secured notes due 2014 | **$385.0** | $ – |
| 14 1/4% senior secured notes due 2015 | **246.6** | – |
| 12 1/2% senior notes due 2016 | **150.6** | 210.0 |
| 8% senior notes due 2012 | **68.0** | 400.0 |
| 6 7/8% senior notes due 2010 | **64.9** | 300.0 |
| 8 1/2% senior notes due 2015 | **16.0** | 150.0 |
| Other, net of unamortized discounts | **(19.4)** | .6 |
| Total | **911.7** | 1,060.6 |
| Less – current maturities | **65.8** | 1.5 |
| Total long-term debt | **$845.9** | $1,059.1 |

Total long-term debt maturities in 2010, 2011, 2012, 2013 and 2014 are $65.8 million, $ 0.8 million, $68.9 million, $0.2 million and $385.0 million, respectively.

Cash paid during 2009, 2008 and 2007 for interest was $97.6 million, $86.9 million and $84.1 million, respectively. Capitalized interest expense during 2009, 2008 and 2007 was $7.5 million, $9.0 million and $9.1 million, respectively.

On July 31, 2009, the company completed offers to exchange its 6 7/8% senior notes due 2010 (the 2010 Notes), its 8% senior notes due 2012 (the 2012 Notes), its 8 1/2% senior notes due 2015 (the 2015 Notes) and its 12 1/2% senior notes due 2016 (the 2016 Notes) in private placements for new 12 3/4% senior secured notes due 2014 (the First Lien Notes), new 14 1/4% senior secured notes due 2015 (the Second Lien Notes and, together with First Lien Notes, the New Secured Notes), shares of the company's common stock and cash. On that date, the company issued $385.0 million aggregate principal amount of First Lien Notes, $246.6 million aggregate principal amount of Second Lien Notes and 5.2 million shares of common stock and paid $30.0 million in cash in exchange for $235.1 million aggregate principal amount of 2010 Notes, $332.0 million aggregate principal amount of 2012 Notes, $134.0 million aggregate principal amount of 2015 Notes, and $59.4 million aggregate principal amount of 2016 Notes. The New Secured Notes, which are not registered with the Securities and Exchange Commission, are guaranteed by Unisys Holding Corporation, a wholly-owned Delaware corporation that directly or indirectly holds the shares of substantially all of the company's foreign subsidiaries, and by certain of the company's other current and future U.S. subsidiaries. The First Lien Notes and Second Lien Notes are secured by first-priority liens and second priority liens, respectively, (in each case, subject to permitted prior liens) by substantially all of the company's assets, except (i) accounts receivable that are subject to one or more receivables facilities, (ii) real estate located outside the U.S., (iii) cash or cash equivalents securing reimbursement obligations under letters of credit or surety bonds and (iv) certain other excluded assets. The company recognized a net gain of $.5 million on the exchange in "Other income (expense), net".

In December 2007, the company issued $210.0 million of 12 1/2% senior notes due 2016. Using the proceeds from such notes, on January 11, 2008, the company redeemed, at par, all $200 million of its 7 7/8% senior notes due April 1, 2008.

The company and certain international subsidiaries have access to uncommitted lines of credit from various banks.

At December 31, 2009, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions.

The company's principal sources of liquidity are cash on hand, cash from operations and its U.S. trade accounts receivable facility, which is discussed in Note 6. The company's anticipated future cash expenditures include anticipated contributions to its defined benefit pension plans. The company believes that it has adequate sources of liquidity to meet its expected 2010 cash requirements.

**10. Product warranty**

For equipment manufactured by the company, the company warrants that it will substantially conform to relevant published specifications for 12 months after shipment to the customer. The company will repair or replace, at its option and expense, items of equipment that do not meet this warranty. For company software, the company warrants that it will conform substantially to then-current published functional specifications for 90 days from customer's receipt. The company will provide a workaround or correction for material errors in its software that prevent its use in a production environment.

The company estimates the costs that may be incurred under its warranties and records a liability in the amount of such costs at the time revenue is recognized. Factors that affect the company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and cost per claim. The company quarterly assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. Presented below is a reconciliation of the aggregate product warranty liability:

| Year ended December 31 (millions) | **2009** | 2008 |
|---|---|---|
| Balance at January 1 | **$ 5.2** | $ 6.9 |
| Accruals for warranties issued during the period | **2.4** | 2.7 |
| Settlements made during the period | **(2.8)** | (2.7) |
| Changes in liability for pre-existing warranties during the period, including expirations | **(.8)** | (1.7) |
| Balance at December 31 | **$ 4.0** | $ 5.2 |

### 11. Other liabilities

Other accrued liabilities (current) are comprised of the following:

| December 31 (millions) | **2009** | 2008 |
|---|---|---|
| Deferred revenue | **$ 453.6** | $ 481.4 |
| Payrolls and commissions | **169.5** | 121.1 |
| Accrued vacations | **85.3** | 110.0 |
| Taxes other than income taxes | **50.9** | 53.5 |
| Accrued interest | **32.9** | 28.5 |
| Postretirement | **29.6** | 30.2 |
| Liabilities of units held for sale | **19.8** | – |
| Cost reduction | **16.0** | 68.3 |
| Income taxes | **13.0** | 26.3 |
| Other | **151.0** | 126.4 |
| Total other accrued liabilities | **$1,021.6** | $1,045.7 |

Other long-term liabilities include deferred revenue of $287.0 million and $202.5 million at December 31, 2009 and 2008, respectively.

### 12. Rental expense and commitments

Rental expense, less income from subleases, for 2009, 2008 and 2007 was $113.9 million, $151.7 million and $167.7 million, respectively. Income from subleases, for 2009, 2008 and 2007 was $14.6 million, $16.4 million and $16.8 million, respectively. Rental expense for 2008 includes a charge of approximately $5 million related to prior years.

Minimum net rental commitments under noncancelable operating leases, including idle leases, outstanding at December 31, 2009, substantially all of which relate to real properties, were as follows: 2010, $91.2 million; 2011, $66.7 million; 2012, $57.1 million; 2013, $45.9 million; 2014, $39.4 million; and $104.0 million thereafter. Such rental commitments have been reduced by minimum sublease rentals of $51.7 million, due in the future under noncancelable subleases.

In 2003, the company entered into a five-year lease to rent a facility located in Malvern, PA. The Company accounted for this lease as an operating lease. Under the lease, the company had the option to purchase the facility at any time for approximately $34 million, which represented the total investment made by the lessor in the property. The lessor is a substantive independent leasing company that does not have the characteristics of a variable interest entity and was therefore not consolidated by the company. In addition, if the company did not exercise its purchase option and the lessor sold the facility at the end of the lease term for a price that was less than its investment, the company was required to guarantee the lessor a residual value on the property up to a maximum of $29 million. In December 2007, the company exercised its option to remarket the property at the end of the lease term. Due to a decline in the estimated fair value of the leased property, in December 2007 and in 2008, the company recorded a liability of $4.6 million and $8.5 million, respectively related to the residual value guarantee. This liability was paid in December 2008 when the facility was sold by the owner.

At December 31, 2009, the company had outstanding standby letters of credit and surety bonds of approximately $285 million related to performance and payment guarantees. On the basis of experience with these arrangements, the company believes that any obligations that may arise will not be material. In addition, at December 31, 2009, the company had deposits and collateral of approximately $137 million in other long-term assets, principally related to collateralized letters of credit, and to tax and labor contingencies in Brazil.

### 13. Financial instruments and concentration of credit risks

Due to its foreign operations, the company is exposed to the effects of foreign currency exchange rate fluctuations on the U.S. dollar, principally related to intercompany account balances. The company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign currency exchange rates on such balances. The company enters into foreign exchange forward contracts, generally having maturities of one month, which have not been designated as hedging instruments. At December 31, 2009, the notional amount of these contracts was $26.7 million and the fair value of such contracts was a net loss of $.1 million, of which a gain of $6.4 million has been recognized in “Prepaid expenses and other current assets” and a loss of $6.5 million has been recognized in “Other accrued liabilities”. Changes in the fair value of these instruments was a loss of $.3 million for year ended December 31, 2009, which has been recognized in earnings in “Other income (expense), net” in the company’s consolidated statement of income. The fair value of these forward contracts is based on quoted prices for similar but not identical financial instruments; as such, the inputs are considered Level 2 inputs.

During the years ended December 31, 2009, 2008 and 2007, the company recognized foreign exchange transaction gains or (losses) in “Other income (expense), net” in its consolidated statements of income of $(12.2) million, $(3.1) million and $1.5 million, respectively.

Financial instruments also include temporary cash investments and customer accounts receivable. Temporary investments are placed with creditworthy financial institutions, primarily in money market funds, time deposits and certificate of deposits which may be withdrawn at any time at the discretion of the company without penalty. At December 31, 2009 and 2008, the company’s cash equivalents principally have maturities of less than one month or can be withdrawn at any time at the discretion of the company without penalty. Due to the short maturities of these instruments, they are carried on the consolidated balance sheets at cost plus accrued interest, which approximates market value. Realized gains or losses during 2009, 2008 and 2007, as well as unrealized gains or losses at December 31, 2009 and 2008, were immaterial. Receivables are due from a large number of customers that are dispersed worldwide across many industries. At December 31, 2009 and 2008, the company had no significant concentrations of credit risk with any one customer. At December 31, 2009 and 2008, the company had approximately $176 million and $210 million, respectively, of receivables due from various U.S. federal governmental agencies. At December 31, 2009 and 2008, the carrying amount of cash and cash equivalents and notes payable approximated fair value; and the carrying amount of long-term debt was (less than) exceeded the fair value, which is based on market prices (Level 2 inputs), of such debt by approximately ($100) million and $680 million, respectively.

**14. Litigation and contingencies**

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

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

In 2002, the company and the Transportation Security Administration (TSA) entered into a competitively awarded contract providing for the establishment of secure information technology environments in airports. The Civil Division of the Department of Justice, working with the Inspector General’s Office of the Department of Homeland Security, is reviewing issues relating to labor categorization and overtime on the TSA contract. The Civil Division is also reviewing issues relating to cyber intrusion protection under the TSA and follow-on contracts. The company is working cooperatively with the Civil Division. The company does not know whether the Civil Division will pursue these matters, or, if pursued, what effect they might have on the company.

The company has contracts with the General Services Administration (GSA), known as Multiple Award Schedule Contracts, under which various U.S. governmental agencies can purchase products and services from the company. Auditors from the GSA's Office of Inspector General are reviewing the company's compliance with the disclosure and pricing provisions under two of these contracts, and whether the company has potentially overcharged the government under the contracts. Separately, the company has made voluntary disclosures about these matters to the responsible GSA contracting officers. The company is providing pricing and other information to the GSA auditors and is working cooperatively with them. As the audit is on-going, the company cannot predict the outcome at this time.

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

In December 2007, Lufthansa AG sued Unisys Deutschland GmbH, a Unisys subsidiary (Unisys Germany), in the District Court of Frankfurt, Germany, for allegedly failing to perform properly its obligations during the initial phase of a 2004 software design and development contract relating to a Lufthansa customer loyalty program. Under the contract, either party was free to withdraw from the project at the conclusion of the initial design phase. Rather than withdraw, Lufthansa instead terminated the contract and failed to pay the balance owed to Unisys Germany for the initial phase. Lufthansa's lawsuit alleges that Unisys Germany breached the contract by failing to deliver a proper design for the new system and seeks approximately 21.4 million euros in damages. The company believes it has valid defenses and has filed its defense and a counterclaim in the amount of approximately 1.5 million euros. The litigation is proceeding.

Notwithstanding that the ultimate results of the lawsuits, claims, investigations and proceedings that have been brought or asserted against the company are not currently determinable, the company believes that at December 31, 2009, it has adequate provisions for any such matters.

**15. Segment information**

The company has two business segments: Services and Technology. The products and services of each segment are marketed throughout the world to commercial businesses and governments. Revenue classifications by segment are as follows: Services – systems integration and consulting, outsourcing, infrastructure services and core maintenance; Technology – enterprise-class servers and specialized technologies.

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

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the years ended December 31, 2009, 2008 and 2007, was $14.8 million, $38.5 million and $17.3 million, respectively. The profit on these transactions is eliminated in Corporate.

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

No single customer accounts for more than 10% of revenue. Revenue from various agencies of the U.S. Government, which is reported in both business segments, was approximately $927 million, $864 million and $891 million in 2009, 2008 and 2007, respectively.

Corporate assets are principally cash and cash equivalents, prepaid postretirement assets and deferred income taxes. The expense or income related to corporate assets is allocated to the business segments. In addition, corporate assets include an offset for interests in accounts receivable that have been recorded as sales, because such receivables are included in the assets of the business segments.

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

| Year ended December 31 (millions) | **2009** | 2008 | 2007 |
|---|---|---|---|
| Total segment operating income | **$341.3** | $ 171.8 | $ 203.1 |
| Interest expense | **(95.2)** | (85.1) | (76.3) |
| Other income (expense), net | **(15.8)** | (20.1) | 18.3 |
| Cost reduction charges | **–** | (103.1) | (116.8) |
| Corporate and eliminations | **4.3** | (28.0) | 1.1 |
| Total income (loss) before income taxes | **$234.6** | $ (64.5) | $ 29.4 |

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

| Year ended December 31 (millions) | **2009** | 2008 | 2007 |
|---|---|---|---|
| Services | | | |
| Systems integration and consulting | **$1,360.0** | $1,490.5 | $1,504.2 |
| Outsourcing | **1,804.2** | 2,006.6 | 2,039.7 |
| Infrastructure services | **563.9** | 735.1 | 878.2 |
| Core maintenance | **308.8** | 371.4 | 424.6 |
| | **4,036.9** | 4,603.6 | 4,846.7 |
| Technology | | | |
| Enterprise-class servers | **464.6** | 515.8 | 647.3 |
| Specialized technologies | **96.2** | 113.8 | 158.5 |
| | **560.8** | 629.6 | 805.8 |
| Total | **$4,597.7** | $5,233.2 | $5,652.5 |

Presented below is a reconciliation of total business segment assets to consolidated assets:

| December 31 (millions) | **2009** | 2008 | 2007 |
|---|---|---|---|
| Total segment assets | **$2,001.2** | $2,176.4 | $2,695.1 |
| Cash and cash equivalents | **647.6** | 544.0 | 830.2 |
| Prepaid postretirement assets | **–** | 20.7 | 497.0 |
| Deferred income taxes | **200.5** | 111.4 | 111.8 |
| Elimination for sale of receivables | **(100.0)** | (141.0) | (132.6) |
| Other corporate assets | **207.6** | 112.6 | 135.6 |
| Total assets | **$2,956.9** | $2,824.1 | $4,137.1 |

A summary of the company's operations by business segment for 2009, 2008 and 2007 is presented below:

| (millions) | Total | Corporate | Services | Technology |
|---|---|---|---|---|
| 2009 | | | | |
| Customer revenue | $4,597.7 | | $ 4,036.9 | $ 560.8 |
| Intersegment | | $ (170.8) | 6.9 | 163.9 |
| Total revenue | $4,597.7 | $ (170.8) | $ 4,043.8 | $ 724.7 |
| Operating income | $ 345.6 | $ 4.3 | $ 251.3 | $ 90.0 |
| Depreciation and amortization | 352.5 | | 275.1 | 77.4 |
| Total assets | 2,956.9 | 955.7 | 1,529.2 | 472.0 |
| Capital expenditures | 201.3 | 1.5 | 141.8 | 58.0 |
| 2008 | | | | |
| Customer revenue | $5,233.2 | | $ 4,603.6 | $ 629.6 |
| Intersegment | | $ (232.0) | 13.9 | 218.1 |
| Total revenue | $5,233.2 | $ (232.0) | $ 4,617.5 | $ 847.7 |
| Operating income (loss) | $ 40.7 | $ (131.1) | $ 137.3 | $ 34.5 |
| Depreciation and amortization | 418.0 | | 291.7 | 126.3 |
| Total assets | 2,824.1 | 647.7 | 1,696.9 | 479.5 |
| Capital expenditures | 294.5 | 12.9 | 201.7 | 79.9 |
| 2007 | | | | |
| Customer revenue | $5,652.5 | | $ 4,846.7 | $ 805.8 |
| Intersegment | | $ (206.7) | 13.9 | 192.8 |
| Total revenue | $5,652.5 | $ (206.7) | $ 4,860.6 | $ 998.6 |
| Operating income (loss) | $ 85.9 | $ (117.2) | $ 120.6 | $ 82.5 |
| Depreciation and amortization | 380.5 | | 261.2 | 119.3 |
| Total assets | 4,137.1 | 1,442.0 | 2,096.2 | 598.9 |
| Capital expenditures | 309.0 | 20.9 | 201.9 | 86.2 |

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

| Year ended December 31 (millions) | **2009** | 2008 | 2007 |
|---|---|---|---|
| Revenue | | | |
| United States | **$2,117.1** | $2,243.0 | $2,432.3 |
| United Kingdom | **569.5** | 748.2 | 900.2 |
| Other foreign | **1,911.1** | 2,242.0 | 2,320.0 |
| Total | **$4,597.7** | $5,233.2 | $5,652.5 |
| Properties, net | | | |
| United States | **$ 135.9** | $ 178.1 | $ 206.9 |
| United Kingdom | **28.8** | 28.9 | 42.0 |
| Other foreign | **63.2** | 69.5 | 83.3 |
| Total | **$ 227.9** | $ 276.5 | $ 332.2 |
| Outsourcing assets, net | | | |
| United States | **$ 135.7** | $ 140.9 | $ 146.6 |
| United Kingdom* | **71.5** | 107.9 | 186.8 |
| Other foreign | **69.9** | 66.1 | 76.0 |
| Total | **$ 277.1** | $ 314.9 | $ 409.4 |

** Amounts relate principally to iPSL, a 51%-owned U.K.-based company.*

### 16. Employee plans

**Stock plans** Under stockholder approved stock-based plans, stock options, stock appreciation rights, restricted stock and restricted stock units may be granted to officers, directors and other key employees. At December 31, 2009, 1.3 million shares of unissued common stock of the company were available for granting under these plans.

As of December 31, 2009, the company has granted non-qualified stock options and restricted stock units under these plans. The company recognizes compensation cost net of a forfeiture rate in selling, general and administrative expenses, and recognizes the compensation cost for only those awards expected to vest. The company estimates the forfeiture rate based on its historical experience and its expectations about future forfeitures.

The company's stock option and time-based restricted stock unit grants include a provision that if termination of employment occurs after the participant has attained age 55 and completed 5 years of service with the company, or for directors, the completion of 5 years of service as a director, the participant shall continue to vest in each of his or her awards in accordance with the vesting schedule set forth in the applicable award agreement. Compensation expense for such awards is recognized over the period to the date the employee first becomes eligible for retirement.

Options have been granted to purchase the company's common stock at an exercise price equal to or greater than the fair market value at the date of grant, generally have a maximum duration of five years and become exercisable in annual installments over a three-year period following date of grant.

For stock options, the fair value is estimated at the date of grant using a Black-Scholes option pricing model. Principal assumptions used are as follows: (a) expected volatility for the company's stock price is based on historical volatility and implied market volatility, (b) historical exercise data is used to estimate the options' expected term, which represents the period of time that the options granted are expected to be outstanding, and (c) the risk-free interest rate is the rate on zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The company recognizes compensation expense for the fair value of stock options, which have graded vesting, on the straight-line basis over the requisite service period of the awards. The compensation expense recognized as of any date must be at least equal to the portion of the grant-date fair value that is vested at that date.

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

| Year Ended December 31 | **2009** | 2008 | 2007 |
|---|---|---|---|
| Weighted-average fair value of grant | **$ 2.82** | $ 8.52 | $ 23.59 |
| Risk-free interest rate | **1.57%** | 3.63% | 4.63% |
| Expected volatility | **58.28%** | 45.28% | 35.31% |
| Expected life of options in years | **3.77** | 3.67 | 3.67 |
| Expected dividend yield | **–** | – | – |

Restricted stock unit awards may contain time-based units, performance-based units or a combination of both. Each performance-based unit will vest into zero to 1.5 shares depending on the degree to which the performance goals are met. Compensation expense resulting from these awards is recognized as expense ratably for each installment from the date of grant until the date the restrictions lapse and is based on the fair market value at the date of grant and the probability of achievement of the specific performance-related goals.

During the year ended December 31, 2009, 2008 and 2007, the company recognized $.7 million, $1.1 million and $7.7 million of share-based compensation expense, which is comprised of $(1.4) million, $.8 million and $7.3 million of restricted stock unit (income) expense and $2.1 million, $.3 million and $.4 million of stock option expense, respectively. In 2009 and 2008, the company reversed $2.4 million and $13.2 million, respectively of previously-accrued compensation expense related to performance-based restricted stock units due to a change in the assessment of the achievability of the performance goals. In addition, during 2009, the company reversed $2.6 million of previously-accrued share-based compensation principally related to employees terminated in prior periods.

A summary of stock option activity for the year ended December 31, 2009 follows (shares in thousands):

| Options | Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (years) | Aggregate Intrinsic Value ($ in millions) |
|---|---|---|---|---|
| Outstanding at December 31, 2008 | 3,414 | $ 163.78 | | |
| Granted | 1,160 | 6.42 | | |
| Exercised | – | – | | |
| Forfeited and expired | (593) | 223.45 | | |
| Outstanding at December 31, 2009 | 3,981 | 109.30 | 2.24 | $ 38.1 |
| Expected to vest at December 31, 2009 | 1,159 | 7.80 | 4.09 | $ 35.8 |
| Exercisable at December 31, 2009 | 2,773 | 153.50 | 1.44 | $ .8 |

The aggregate intrinsic value represents the total pretax value of the difference between the company's closing stock price on the last trading day of the period and the exercise price of the options, multiplied by the number of in-the-money stock options that would have been received by the option holders had all option holders exercised their options on December 31, 2009. The intrinsic value of the company's stock options changes based on the closing price of the company's stock. The total intrinsic value of options exercised for the years ended December 31, 2009 and 2008 was zero since no options were exercised. As of December 31, 2009, $2.1 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.0 years.

A summary of restricted stock unit activity for the year ended December 31, 2009 follows (shares in thousands):

| | Restricted Stock Units | Weighted-Average Grant-Date Fair Value |
|---|---|---|
| Outstanding at December 31, 2008 | 763 | $ 50.66 |
| Granted | 166 | 6.37 |
| Vested | (68) | 48.21 |
| Forfeited and expired | (300) | 41.26 |
| Outstanding at December 31, 2009 | 561 | 40.42 |

The fair value of restricted stock units is determined based on the trading price of the company's common shares on the date of grant. The aggregate weighted-average grant-date fair value of restricted stock units granted during the years ended December 31, 2009 and 2008 was $1.1 million and $28.4 million, respectively. As of December 31, 2009, there was $2.6 million of total unrecognized compensation cost related to outstanding restricted stock units granted under the company's plans. That cost is expected to be recognized over a weighted-average period of 1.2 years. The aggregate weighted-average grant-date fair value of restricted share units vested during the years ended December 31, 2009 and 2008 was $3.3 million and $1.9 million, respectively.

Common stock issued upon exercise of stock options or upon lapse of restrictions on restricted stock units is newly issued shares. Cash received from the exercise of stock options for the years ended December 31, 2009 and 2008 was zero. During 2009 and 2008, the company did not recognize any tax benefits from the exercise of stock options or upon issuance of stock upon lapse of restrictions on restricted stock units because of its tax position. Any such tax benefits resulting from tax deductions in excess of the compensation costs recognized are classified as financing cash flows.

U.S. employees are eligible to participate in an employee savings plan. Under this plan, employees may contribute a percentage of their pay for investment in various investment alternatives. During 2008 and 2007, the company matched contributions to 100 percent of the first 6 percent of eligible pay contributed by plan participants. Matching contributions were made in the form of newly issued shares of company common stock. Effective January 1, 2009, the company match to the U.S. employee savings plan was suspended. The charge to income related to the company match for the years ended

December 31, 2009, 2008 and 2007, was zero, $47.5 million and $47.4 million, respectively. The expense for 2008 includes $3.5 million for a true-up match related to the prior year.

The company has defined contribution plans in certain locations outside the United States. The charge to income related to these plans was $28.3 million, $26.6 million and $24.5 million, for the years ended December 31, 2009, 2008 and 2007, respectively. For plans outside the United States, company contributions are made in cash.

**Retirement benefits** In 2006, the company adopted changes to its U.S. defined benefit pension plans effective December 31, 2006. The changes included ending the accrual of future benefits in the company's defined benefit pension plans for employees effective December 31, 2006. No new entrants to the plans are allowed after that date.

In April 2008, the company adopted changes to certain of its U.K. defined benefit pension plans whereby effective June 30, 2008 all future accruals of benefits under the plans ceased. As a result of this change, the company recorded a pretax curtailment loss of $1.4 million in the second quarter of 2008. In addition, the company has enhanced its contributions to certain U.K. defined contribution plans, effective July 1, 2008.

The company has non-qualified compensation plans, which allow certain highly compensated employees and directors to defer the receipt of a portion of their salary, bonus and fees. Participants can earn a return on their deferred balance that is based on hypothetical investments in various investment vehicles. Changes in the market value of these investments are reflected as an adjustment to the liability with an offset to expense. As of December 31, 2009 and 2008, the liability to the participants of these plans was $12.7 million and $13.5 million, respectively. These amounts reflect the accumulated participant deferrals and earnings thereon as of that date. The company makes no contributions to the deferred compensation plans and remains contingently liable to the participants.

Retirement plans' funded status and amounts recognized in the company's consolidated balance sheets at December 31, 2009 and 2008, follow:

| | U.S. Plans | | International Plans | |
|---|---|---|---|---|
| December 31 (millions) | **2009** | 2008 | **2009** | 2008 |
| Change in projected benefit obligation | | | | |
| Benefit obligation at beginning of year | **$4,450.3** | $ 4,602.0 | **$1,810.9** | $2,376.8 |
| Service cost | **–** | – | **11.9** | 22.9 |
| Interest cost | **285.0** | 283.9 | **113.2** | 130.9 |
| Plan participants' contributions | **–** | – | **4.2** | 6.8 |
| Plan amendments | **–** | – | **(.4)** | (6.1) |
| Actuarial loss (gain) | **308.7** | (105.4) | **501.1** | (287.2) |
| Benefits paid | **(336.4)** | (330.2) | **(89.7)** | (93.9) |
| Foreign currency translation adjustments | **–** | – | **172.3** | (339.3) |
| Benefit obligation at end of year | **$4,707.6** | $ 4,450.3 | **$2,523.5** | $1,810.9 |
| Change in plan assets | | | | |
| Fair value of plan assets at beginning of year | **$3,296.7** | $ 4,979.1 | **$1,632.9** | $2,228.1 |
| Actual return on plan assets | **773.2** | (1,359.7) | **219.9** | (266.0) |
| Employer contribution | **7.1** | 7.5 | **86.9** | 70.6 |
| Plan participants' contributions | **–** | – | **4.2** | 6.8 |
| Benefits paid | **(336.4)** | (330.2) | **(89.7)** | (93.9) |
| Foreign currency translation adjustments | **–** | – | **131.2** | (312.7) |
| Fair value of plan assets at end of year | **$3,740.6** | $ 3,296.7 | **$1,985.4** | $1,632.9 |
| Funded status at end of year | **$ (967.0)** | $(1,153.6) | **$ (538.1)** | $ (178.0) |
| Amounts recognized in the consolidated balance sheets consist of: | | | | |
| Prepaid postretirement assets | **$ –** | $ – | **$ –** | $ 20.7 |
| Other accrued liabilities | **(7.4)** | (7.3) | **–** | (.2) |
| Long-term postretirement liabilities | **(959.6)** | (1,146.3) | **(538.1)** | (198.5) |
| Total funded status | **$ (967.0)** | $(1,153.6) | **$ (538.1)** | $ (178.0) |
| Accumulated other comprehensive loss, net of tax | | | | |
| Net loss | **$2,238.1** | $ 2,392.2 | **$ 677.2** | $ 294.1 |
| Prior service cost (credit) | **$ 4.2** | $ 4.9 | **$ (1.4)** | $ (.9) |
| Accumulated benefit obligation | **$4,707.6** | $ 4,450.3 | **$2,440.9** | $1,755.5 |

Information for defined benefit retirement plans with an accumulated benefit obligation in excess of plan assets at December 31, 2009 and 2008, follows:

| December 31 (millions) | **2009** | 2008 |
|---|---|---|
| Accumulated benefit obligation | **$7,137.0** | $5,436.0 |
| Fair value of plan assets | **5,714.5** | 4,088.7 |

Information for defined benefit retirement plans with a projected benefit obligation in excess of plan assets at December 31, 2009 and 2008, follows:

| December 31 (millions) | **2009** | 2008 |
|---|---|---|
| Projected benefit obligation | **$7,219.6** | $5,441.1 |
| Fair value of plan assets | **5,714.5** | 4,088.7 |

Net periodic pension (income) cost for 2009, 2008 and 2007 includes the following components:

| | U.S. Plans | | | International Plans | | |
|---|---|---|---|---|---|---|
| Year ended December 31 (millions) | **2009** | 2008 | 2007 | **2009** | 2008 | 2007 |
| Service cost | **$ –** | $ – | $ .2 | **$ 11.9** | $ 22.9 | $ 41.4 |
| Interest cost | **285.0** | 283.9 | 278.0 | **113.2** | 130.9 | 123.9 |
| Expected return on plan assets | **(384.7)** | (407.3) | (389.7) | **(128.2)** | (154.5) | (146.4) |
| Amortization of prior service cost | **.7** | .7 | – | **–** | .2 | .6 |
| Recognized net actuarial loss | **74.3** | 57.4 | 97.4 | **4.2** | 13.1 | 35.3 |
| Settlement/curtailment (gain) loss | **–** | – | – | **–** | 1.4 | (5.7) |
| Net periodic pension (income) cost | **$ (24.7)** | $ (65.3) | $ (14.1) | **$ 1.1** | $ 14.0 | $ 49.1 |

Weighted-average assumptions used to determine net periodic pension cost for the years ended December 31 were as follows:

| | | | | | | |
|---|---|---|---|---|---|---|
| Discount rate | **6.75%** | 6.38% | 6.02% | **6.42%** | 5.86% | 5.03% |
| Rate of compensation increase | **N/A** | N/A | N/A | **2.88%** | 3.29% | 3.13% |
| Expected long-term rate of return on assets* | **8.75%** | 8.75% | 8.75% | **6.57%** | 7.28% | 7.30% |

** For 2010, the company has assumed that the expected long-term rate of return on plan assets for its U.S. defined benefit pension plan will be 8.75%.*

Weighted-average assumptions used to determine benefit obligations at December 31 were as follows:

| | | | | | | |
|---|---|---|---|---|---|---|
| Discount rate | **6.11%** | 6.75% | 6.38% | **5.30%** | 6.42% | 5.86% |
| Rate of compensation increase | **N/A** | N/A | N/A | **3.04%** | 2.88% | 3.29% |

The expected pretax amortization in 2010 of net periodic pension cost is as follows: net loss, $82.8 million; and prior service cost, $.7 million.

The company's investment policy targets and ranges for each asset category are as follows:

| | U.S. | | Int'l | |
|---|---|---|---|---|
| Asset Category | Target | Range | Target | Range |
| Equity Securities | 68% | 65-71% | 42% | 37-47% |
| Debt Securities | 26% | 23-29% | 55% | 47-61% |
| Real estate | 6% | 3-9% | 1% | 0-3% |
| Cash | 0% | 0-5% | 1% | 0-2% |
| Other | 0% | 0% | 1% | 0-3% |

The company periodically reviews its asset allocation, taking into consideration plan liabilities, local regulatory requirements, plan payment streams and then-current capital market assumptions. The actual asset allocation for each plan is monitored at least quarterly, relative to the established policy targets and ranges. If the actual asset allocation is close to or out of any of the ranges, a review is conducted. Rebalancing will occur toward the target allocation, with due consideration given to the liquidity of the investments and transaction costs.

The objectives of the company's investment strategies are as follows: (a) to provide a total return that, over the long term, increases the ratio of plan assets to liabilities by maximizing investment return on assets, at a level of risk deemed appropriate, (b) to maximize return on assets by investing primarily in equity securities in the U.S. and for international plans by investing in appropriate asset classes, subject to the constraints of each plan design and local regulations, (c) to diversify investments within asset classes to reduce the impact of losses in single investments, and (d) for the U.S. plan to invest in compliance with the Employee Retirement Income Security Act of 1974 (ERISA), as amended and any subsequent applicable regulations and laws, and for international plans to invest in a prudent manner in compliance with local applicable regulations and laws.

The company sets the expected long-term rate of return based on the expected long-term return of the various asset categories in which it invests. The company considered the current expectations for future returns and the actual historical returns of each asset class. Also, since the company's investment policy is to actively manage certain asset classes where the potential exists to outperform the broader market, the expected returns for those asset classes were adjusted to reflect the expected additional returns.

The company expects to make cash contributions of approximately $115 million to its worldwide defined benefit pension plans (principally international plans) in 2010. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to make cash contributions to its U.S. qualified defined benefit pension plan in 2010.

As of December 31, 2009, the following benefit payments, which reflect expected future service where applicable, are expected to be paid from the defined benefit pension plans:

| Year ending December 31 (millions) | U.S. | Int'l |
|---|---|---|
| 2010 | $ 345.1 | $ 85.2 |
| 2011 | 346.7 | 94.7 |
| 2012 | 349.9 | 102.8 |
| 2013 | 351.8 | 110.9 |
| 2014 | 353.6 | 116.7 |
| 2015 - 2019 | 1,778.3 | 664.2 |

**Other postretirement benefits** A reconciliation of the benefit obligation, fair value of the plan assets and the funded status of the postretirement benefit plan at December 31, 2009 and 2008, follows:

| December 31 (millions) | **2009** | 2008 |
|---|---|---|
| Change in accumulated benefit obligation | | |
| Benefit obligation at beginning of year | **$ 184.6** | $ 189.7 |
| Service cost | **.1** | .5 |
| Interest cost | **11.5** | 12.5 |
| Plan participants' contributions | **6.1** | 9.1 |
| Amendments | **–** | 11.2 |
| Actuarial gain | **(.7)** | (12.1) |
| Federal drug subsidy | **2.1** | 4.9 |
| Benefits paid | **(29.4)** | (31.2) |
| Benefit obligation at end of year | **$ 174.3** | $ 184.6 |
| Change in plan assets | | |
| Fair value of plan assets at beginning of year | **$ 9.7** | $ 11.5 |
| Actual return on plan assets | **–** | .8 |
| Employer contributions | **22.7** | 19.5 |
| Plan participants' contributions | **6.1** | 9.1 |
| Benefits paid | **(29.4)** | (31.2) |
| Fair value of plan assets at end of year | **$ 9.1** | $ 9.7 |
| Funded status at end of year | **$(165.2)** | $(174.9) |
| Amounts recognized in the consolidated balance sheets consist of: | | |
| Other accrued liabilities | **$ (22.2)** | $ (22.7) |
| Long-term postretirement liabilities | **(143.0)** | (152.2) |
| Total funded status | **$(165.2)** | $(174.9) |
| Accumulated other comprehensive loss, net of tax | | |
| Net loss | **$ 34.9** | $ 35.8 |
| Prior service cost | **8.3** | 9.8 |

Net periodic postretirement benefit cost for 2009, 2008 and 2007, follows:

| Year ended December 31 (millions) | **2009** | 2008 | 2007 |
|---|---|---|---|
| Service cost | **$ .1** | $ .5 | $ – |
| Interest cost | **11.5** | 12.5 | 12.1 |
| Expected return on assets | **(.5)** | (.5) | (.5) |
| Amortization of prior service cost (benefit) | **1.5** | 1.9 | (.1) |
| Recognized net actuarial loss | **2.9** | 3.9 | 4.5 |
| Net periodic benefit cost | **$ 15.5** | $ 18.3 | $ 16.0 |
| Weighted-average assumptions used to determine net periodic postretirement benefit cost for the years ended December 31 were as follows: | | | |
| Discount rate | **7.02%** | 6.58% | 6.58% |
| Expected return on plan assets | **6.75%** | 6.75% | 6.75% |
| Weighted-average assumptions used to determine benefit obligation at December 31 were as follows: | | | |
| Discount rate | **6.62%** | 7.02% | 6.58% |

The expected pretax amortization in 2010 of net periodic postretirement benefit cost is as follows: net loss, $3.7 million; and prior service cost, $1.5 million.

The company reviews its asset allocation periodically, taking into consideration plan liabilities, plan payment streams and then-current capital market assumptions. The company sets the long-term expected return on asset assumption, based principally on the long-term expected return on debt securities. These return assumptions are based on a combination of current market conditions, capital market expectations of third-party investment advisors and actual historical returns of the asset classes.

The company expects to contribute approximately $24 million to its postretirement benefit plan in 2010.

| Assumed health care cost trend rates at December 31 | **2009** | 2008 |
|---|---|---|
| Health care cost trend rate assumed for next year | **7.9%** | 8.6% |
| Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) | **5.0%** | 5.0% |
| Year that the rate reaches the ultimate trend rate | **2014** | 2014 |

A one-percentage-point change in assumed health care cost trend rates would have the following effects (in millions of dollars):

| | 1-Percentage-Point Increase | 1-Percentage-Point Decrease |
|---|---|---|
| Effect on service and interest cost | $ .4 | $ (.5) |
| Effect on postretirement benefit obligation | 3.7 | (7.9) |

As of December 31, 2009, the following benefits are expected to be paid to or from the company's postretirement plan:

| Year ending December 31 (millions) | Gross Medicare Part D Receipts | Gross Expected Payments |
|---|---|---|
| 2010 | $ 3.0 | $ 26.5 |
| 2011 | 3.0 | 28.5 |
| 2012 | 3.0 | 26.6 |
| 2013 | 2.9 | 26.3 |
| 2014 | 2.8 | 25.5 |
| 2015 - 2019 | 5.8 | 69.0 |

The following provides a description of the valuation methodologies and the levels of inputs used to measure fair value, and the general classification of investments in the company's U.S. and international defined benefit pension plans, and the company's other postretirement benefit plan.

Level 1 – These investments include cash, common stocks, real estate investment trusts, and U.S. and U.K. government securities. These investments are valued using quoted prices in an active market. Payables and receivables are also included as Level 1 investments and are valued at face value.

Level 2 – These investments include the following:

Pooled Funds – These investments are comprised of money market funds and fixed income securities. The money market funds are valued at Net Asset Value (NAV) of shares held by the plans at year-end. NAV is a practical expedient for fair value. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of units outstanding. The fixed income securities are valued based on quoted prices for identical or similar investments in markets that may not be active.

Commingled Funds – These investments are comprised of debt or equity securities and are valued using the NAV provided by trustees of the funds. The NAV is quoted on a private market that is not active. The unit price is based on underlying investments which are traded on markets that may or may not be active.

Other Fixed Income – These investments are comprised of corporate and government fixed income investments and asset and mortgage backed securities for which there are quoted prices for identical or similar investments in markets that may not be active.

Derivatives – These investments include forward exchange contracts, which are traded on an active market, but not on an exchange; therefore, the inputs may not be readily observable. These investments also include fixed income futures and other derivative instruments.

Level 3 – These investments include the following:

Real Estate and Private Equity – These investments represent interests in limited partnerships which invest in privately held companies or privately held real estate assets. Due to the nature of these investments, pricing inputs are not readily observable. Asset valuations are developed by the general partners that manage the partnerships. These valuations are based on property appraisals, utilization of market transactions that provide valuation information for comparable companies, discounted cash flows, and other methods. These valuations are reported quarterly and adjusted as necessary at year end based on cash flows within the most recent period.

Insurance Contracts – These investments are insurance contracts which are generally invested in corporate and government notes and bonds and mortgages. The insurance contracts are carried at book value and adjusted to fair value based on a market value adjustment (MVA) formula determined by the insurance provider. The MVA formula is based on unobservable inputs.

Commingled Funds – These investments are commingled funds, which include a fund of hedge funds and a global tactical asset allocation fund. The NAV is quoted on a private market that is not active. The unit price is based on underlying investments, which are valued based on unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the plans' assets (liabilities) at fair value at December 31, 2009.

| | U.S. Plans | | | | International Plans | | | |
|---|---|---|---|---|---|---|---|---|
| December 31 (millions) | Fair Value | Level 1 | Level 2 | Level 3 | Fair Value | Level 1 | Level 2 | Level 3 |
| *Pension plans* | | | | | | | | |
| Equity Securities | | | | | | | | |
| Common Stocks | $ 1,883.1 | $1,883.1 | | | $ 126.4 | $ 126.4 | | |
| Commingled Funds | 635.9 | | $ 635.9 | | 707.6 | | $ 707.6 | |
| Debt Securities | | | | | | | | |
| U.S. and U.K. Govt. Securities | 65.9 | 65.9 | | | 95.9 | 95.9 | | |
| Other Fixed Income | 746.1 | | 746.1 | | 161.6 | | 161.6 | |
| Insurance Contracts | 64.8 | | | $ 64.8 | 167.4 | | | $ 167.4 |
| Commingled Funds | | | | | 560.2 | | 560.2 | |
| Real Estate | | | | | | | | |
| Real Estate Investment Trusts | 75.1 | 75.1 | | | 4.4 | .3 | 4.1 | |
| Real Estate | 54.2 | | | 54.2 | 27.3 | | | 27.3 |
| Other | | | | | | | | |
| Derivatives | 12.3 | | 11.8 | .5 | 23.0 | | 23.0 | |
| Private Equity | 69.4 | | | 69.4 | | | | |
| Commingled Funds | 66.8 | | 66.8 | | 69.5 | | 46.9 | 22.6 |
| Pooled Funds | 133.7 | | 133.7 | | 1.7 | | 1.7 | |
| Cash | 1.0 | 1.0 | | | 40.4 | 40.4 | | |
| Receivables | 27.2 | 27.2 | | | | | | |
| Payables | (94.9) | (94.9) | | | | | | |
| Total | $ 3,740.6 | $1,957.4 | $1,594.3 | $ 188.9 | $ 1,985.4 | $ 263.0 | $1,505.1 | $ 217.3 |
| *Other postretirement plans* | | | | | | | | |
| Insurance Contracts | $ 7.5 | | | $ 7.5 | | | | |
| Pooled Funds | 1.6 | | $ 1.6 | | | | | |
| Total | $ 9.1 | | $ 1.6 | $ 7.5 | | | | |

The following table sets forth a summary of changes in the fair value of the plans' Level 3 assets for the year ended December 31, 2009.

| December 31 (millions) | January 1, 2009 | Realized gains (losses) | Purchases, sales, issuances and settlements, net, | Currency and unrealized gains (losses) relating to instruments still held at December 31, 2009 | December 31, 2009 |
|---|---|---|---|---|---|
| ***U.S. Plans*** | | | | | |
| *Pension plan* | | | | | |
| Real Estate | $ 89.4 | $ 1.5 | $ (4.0) | $ (32.7) | $ 54.2 |
| Private Equity | 84.5 | (11.6) | (4.0) | .5 | 69.4 |
| Insurance Contracts | 50.1 | (.6) | 6.1 | 9.2 | 64.8 |
| Other Fixed Income | .6 | .9 | (1.5) | | – |
| Derivatives | – | | .5 | | .5 |
| Total | $ 224.6 | $ (9.8) | $ (2.9) | $ (23.0) | $ 188.9 |
| *Other postretirement plans* | | | | | |
| Insurance Contracts | $ 6.8 | $ (.1) | $ .8 | | $ 7.5 |
| ***International pension plans*** | | | | | |
| Insurance Contracts | $ 159.8 | $ 7.5 | $ (5.0) | $ 5.1 | $ 167.4 |
| Real Estate | 28.7 | (4.4) | 2.1 | .9 | 27.3 |
| Commingled Funds | 21.6 | .3 | | .7 | 22.6 |
| Total | $ 210.1 | $ 3.4 | $ (2.9) | $ 6.7 | $ 217.3 |

**17. Stockholders' equity**

The company has 72 million authorized shares of common stock, par value $.01 per share, and 40 million shares of authorized preferred stock, par value $1 per share, issuable in series.

At December 31, 2009, 6.2 million shares of unissued common stock of the company were reserved for stock-based incentive plans.

Comprehensive income (loss) for the three years ended December 31, 2009, includes the following components:

| Year ended December 31 (millions) | **2009** | 2008 | 2007 |
|---|---|---|---|
| Consolidated net income (loss) | **$ 193.0** | $ (117.7) | $(53.3) |
| Other comprehensive income (loss) | | | |
| Cash flow hedges | | | |
| Income (loss), net of tax | **–** | – | (0.2) |
| Reclassification adjustments, net of tax | **–** | – | 0.2 |
| Foreign currency translation adjustments | **78.1** | (121.0) | 38.4 |
| Postretirement adjustments, net of tax of $(94.0), $(8.8) and $(33.2) | **(212.7)** | (1,627.4) | 405.3 |
| Total other comprehensive income (loss) | **(134.6)** | (1,748.4) | 443.7 |
| Consolidated comprehensive income (loss) | **58.4** | (1,866.1) | 390.4 |
| Comprehensive income (loss) attributable to noncontrolling interests | **(22.0)** | 5.7 | 11.1 |
| Comprehensive income (loss) attributable to Unisys Corporation | **$ 36.4** | $(1,860.4) | $401.5 |

Accumulated other comprehensive income (loss) as of December 31, 2009, 2008 and 2007, is as follows:

| (millions) | Total | Translation Adjustments | Postretirement Plans |
|---|---|---|---|
| Balance at December 31, 2006 | $(1,621.3) | $ (633.1) | $ (988.2) |
| Change during period | 458.4 | 37.8 | 420.6 |
| Balance at December 31, 2007 | (1,162.9) | (595.3) | (567.6) |
| Change during period | (1,741.7) | (106.2) | (1,635.5) |
| Balance at December 31, 2008 | (2,904.6) | (701.5) | (2,203.1) |
| Change during period | (108.9) | 71.6 | (180.5) |
| Balance at December 31, 2009 | $(3,013.5) | $ (629.9) | $ (2,383.6) |

**18. Subsequent events**

The company has evaluated subsequent events (events occurring after December 31, 2009) for recognition or disclosure in these financial statements up to February 24, 2010.

On February 1, 2010, the company closed on the sale of its U.S. specialized technology check sorter equipment and related U.S. maintenance business for cash proceeds of approximately $4 million. At December 31, 2009, the assets and liabilities of the business sold have been reported as held for sale in the company's consolidated balance sheet as follows: approximately $24 million in "prepaid expenses and other current assets" and approximately $20 million in "other accrued liabilities". These amounts have been reflected at fair value, less cost to sell, and as a result, the company reported an impairment of $13.4 million in 2009 in the company's consolidated statement of income. Due to the significance of continuing cash flows related to the business sold, the business has been reported as held for sale. The divested business, which has operations in both of the company's reporting segments of Services and Technology, generated 2009 revenue and pretax loss of approximately $100 million and $3 million, respectively.

On January 18, 2010, the company signed an agreement to sell its health information management (HIM) business for approximately $135 million of cash. The transaction is expected to close in the first half of 2010 and is subject to customary regulatory approvals and closing conditions, including receipt of customer consents. When the sale is completed, the company expects to report a gain on the sale, in discontinued operations, of approximately $80 million. The HIM business, which has operations in the company's Services reporting segment, generated 2009 revenue, pretax income and capital expenditures of approximately $110 million, $20 million and $50 million, respectively.

Due to cumulative inflation of approximately 100 percent or more over the last 3-year period, the company's Venezuelan subsidiary will apply highly inflationary accounting beginning January 1, 2010. For those international subsidiaries operating in highly inflationary economies, the U.S. dollar is the functional currency, and as such, nonmonetary assets and liabilities are translated at historical exchange rates, and monetary assets and liabilities are translated at current exchange rates. Exchange gains and losses arising from translation are included in other income (expense), net. Effective January 11, 2010, the Venezuelan government devalued the Bolivar Fuerte by 50 percent by resetting the official exchange rate from 2.15 to the U.S. dollar to 4.30 to the U.S. dollar. As a result, the company expects to record a foreign exchange loss in the first quarter of 2010 of approximately $20 million.

## Report of Management on the Financial Statements

The management of the company is responsible for the integrity of its financial statements. These statements have been prepared in conformity with U.S. generally accepted accounting principles and include amounts based on the best estimates and judgments of management. Financial information included elsewhere in this report is consistent with that in the financial statements.

KPMG LLP, an independent registered public accounting firm, has audited the company's 2009 and 2008 financial statements. Its accompanying report is based on an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The Board of Directors, through its Audit Committee, which is composed entirely of independent directors, oversees management's responsibilities in the preparation of the financial statements and selects the independent registered public accounting firm, subject to stockholder ratification. The Audit Committee meets regularly with the independent registered public accounting firm, representatives of management, and the internal auditors to review the activities of each and to assure that each is properly discharging its responsibilities. To ensure complete independence, the internal auditors and representatives of KPMG LLP have full access to meet with the Audit Committee, with or without management representatives present, to discuss the results of their audits and their observations on the adequacy of internal controls and the quality of financial reporting.

J. Edward Coleman

J. Edward Coleman
Chairman of the Board and
Chief Executive Officer

Janet Brutschea Haugen

Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

# Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Unisys Corporation

We have audited the accompanying consolidated balance sheets of Unisys Corporation and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unisys Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 5 to the consolidated financial statements, as of January 1, 2009, the Company adopted a standard which changed the presentation and disclosure of noncontrolling interests in consolidated financial statements, and retroactively adjusted all periods presented in the consolidated financial statements for the change.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Unisys Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 24, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Philadelphia, Pennsylvania
February 24, 2010

## Report of Independent Registered Public Accounting Firm on the Financial Statements

To the Board of Directors and Shareholders of Unisys Corporation

We have audited the accompanying consolidated statements of income, stockholders' deficit, and cash flows of Unisys Corporation for the year ended December 31, 2007. These financial statements are the responsibility of Unisys Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations of Unisys Corporation and its cash flows for the year ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 5 to the consolidated financial statements, the Company changed its reporting of noncontrolling interest with the adoption of the guidance issued in Financial Accounting Standards No. 160, *"Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51"* (codified in FASB ASC Topic 810, *Consolidations*) effective January 1, 2009.

Ernst + Young LLP

Philadelphia, Pennsylvania
February 28, 2008, except for Notes 2, 5, 7, 15, and 18 related to the effect of the adoption of Financial Accounting Standards No. 160, *"Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51"* (codified in FASB ASC Topic 810, *Consolidations*), as to which the date is May 11, 2009 and except for Notes 1, 2 and 16 as to the effect of the reverse stock split, as to which the date is February 24, 2010.

## Report of Management on Internal Control Over Financial Reporting

The management of the company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that the company maintained effective internal control over financial reporting as of December 31, 2009, based on the specified criteria.

KPMG LLP, an independent registered public accounting firm, has audited the company's internal control over financial reporting as of December 31, 2009, as stated in their report that appears on the following page.

J. Edward Coleman

J. Edward Coleman
Chairman of the Board and
Chief Executive Officer

Janet Brutschea Haugen

Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

# Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Unisys Corporation

We have audited Unisys Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Unisys Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Unisys Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Unisys Corporation and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity (deficit) and cash flows for the years then ended, and our report dated February 24, 2010 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Philadelphia, Pennsylvania
February 24, 2010

# Unisys Corporation

## Supplemental Financial Data (Unaudited)

### Quarterly financial information

| (millions, except per share data) | | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Year |
|---|---|---|---|---|---|---|
| 2009 | | | | | | |
| Revenue | | $1,099.9 | $1,128.7 | $1,159.6 | $1,209.5 | $4,597.7 |
| Gross profit | | 223.0 | 269.7 | 305.8 | 338.2 | 1,136.7 |
| Income (loss) before income taxes | | (6.5) | 57.2 | 89.3 | 94.6 | 234.6 |
| Net income (loss) attributable to Unisys Corporation | | (24.4) | 38.1 | 61.1 | 114.5 | 189.3 |
| Earnings (loss) per share | – basic | (.66) | 1.03 | 1.51 | 2.71 | 4.82 |
| | – diluted | (.66) | 1.02 | 1.48 | 2.64 | 4.75 |
| Market price per share | – high | 13.70 | 16.40 | 31.70 | 40.05 | 40.05 |
| | – low | 2.80 | 5.00 | 14.10 | 23.92 | 2.80 |
| 2008 | | | | | | |
| Revenue | | $1,301.3 | $1,340.0 | $1,312.4 | $1,279.5 | $5,233.2 |
| Gross profit | | 293.2 | 303.8 | 292.0 | 237.7 | 1,126.7 |
| Income (loss) before income taxes | | 5.3 | (5.0) | 15.5 | (80.3) | (64.5) |
| Net loss attributable to Unisys Corporation | | (23.4) | (14.0) | (34.7) | (58.0) | (130.1) |
| Loss per share | – basic | (.66) | (.39) | (.96) | (1.59) | (3.62) |
| | – diluted | (.66) | (.39) | (.96) | (1.59) | (3.62) |
| Market price per share | – high | 47.50 | 51.10 | 42.90 | 29.20 | 51.10 |
| | – low | 30.40 | 38.50 | 27.00 | 3.80 | 3.80 |

*In the fourth quarter of 2008, the company recorded pretax cost-reduction and other charges of $95.6 million. See Notes 3 of the Notes to Consolidated Financial Statements.*
*Amounts presented above reflect the impact of the one-for-ten reverse stock split applied on a retroactive basis.*
*The individual quarterly per-share amounts may not total to the per-share amount for the full year because of accounting rules governing the computation of earnings per share.*
*Market prices per share are as quoted on the New York Stock Exchange composite listing.*

## Five-year summary of selected financial data

| (dollars in millions, except per share data) | **2009** | 2008[1] | 2007[1] | 2006[1] | 2005[2] |
|---|---|---|---|---|---|
| **Results of operations** | | | | | |
| Revenue | **$ 4,597.7** | $ 5,233.2 | $5,652.5 | $5,757.2 | $ 5,758.7 |
| Operating income (loss) | **345.6** | 40.7 | 85.9 | (326.8) | (162.4) |
| Income (loss) before income taxes | **234.6** | (64.5) | 29.4 | (242.2) | (203.1) |
| Net (income) loss attributable to noncontrolling interests | **(3.7)** | (12.4) | (25.8) | (8.7) | 32.1 |
| Net income (loss) attributable to Unisys Corporation | **189.3** | (130.1) | (79.1) | (278.7) | (1,731.9) |
| Earnings (loss) per share | | | | | |
| Basic | **4.82** | (3.62) | (2.26) | (8.11) | (50.91) |
| Diluted | **4.75** | (3.62) | (2.26) | (8.11) | (50.91) |
| **Financial position** | | | | | |
| Total assets | **$ 2,956.9** | $ 2,824.1 | $4,137.1 | $4,037.9 | $ 4,028.9 |
| Long-term debt | **845.9** | 1,059.1 | 1,058.3 | 1,049.1 | 1,049.0 |
| Stockholders' equity (deficit) | **(1,271.7)** | (1,423.8) | 404.1 | (47.3) | (25.1) |
| **Other data** | | | | | |
| Capital additions of properties | **$ 45.9** | $ 76.9 | $ 77.5 | $ 70.1 | $ 112.0 |
| Capital additions of outsourcing assets | **97.8** | 133.1 | 137.5 | 81.0 | 143.8 |
| Investment in marketable software | **57.6** | 84.5 | 94.0 | 105.4 | 125.7 |
| Depreciation and amortization | | | | | |
| Properties | **96.9** | 105.7 | 115.1 | 120.5 | 120.7 |
| Outsourcing assets | **151.0** | 162.6 | 143.8 | 135.1 | 128.8 |
| Amortization of marketable software | **104.6** | 149.7 | 121.6 | 132.9 | 124.7 |
| Common shares outstanding (millions) | **42.3** | 37.0 | 35.4 | 34.5 | 34.2 |
| Stockholders of record (thousands) | **19.9** | 20.6 | 20.7 | 22.9 | 24.1 |
| Employees (thousands) | **25.6** | 29.0 | 30.0 | 31.5 | 36.1 |

*Note: Amounts presented above reflect the impact of the one-for-ten reverse stock split applied on a retroactive basis.*

*(1) Includes pretax cost-reduction and other charges of $103.1 million, $116.8 million and $330.1 million for the years ended December 31, 2008, 2007 and 2006, respectively.*

*(2) Includes an increase in the valuation allowance for deferred tax assets resulting in a non cash charge of $1,573.9 million.*

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Unisys Corporation, the registrant, a Delaware company, has no parent. The registrant has the following subsidiaries:

| Name of Company | State or Other Jurisdiction Under the Laws of Which Organized |
|---|---|
| Unisys Limited | United Kingdom |
| Unisys Funding Corporation I | Delaware |
| Intelligent Processing Solutions Limited | United Kingdom |

Pursuant to Item 601(b)(21)(ii) of Regulation S-K, subsidiaries of the Company have been omitted which, considered in the aggregate as a single subsidiary, would not have constituted a significant subsidiary (as defined in Rule 1-02(w) of Regulation S-X) as of December 31, 2009.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Unisys Corporation:

We consent to the incorporation by reference in the Registration Statements (No. 333-51887, 333-73399, 333-87409, 333-40012, 333-56036, 333-103324, 333-107338, 333-114718, 333-145429, 333-155733, 333-156569) on Form S-8 and in the Registration Statements (No. 333-85650, 333-155735, 333-161905) on Form S-3 and in the Registration Statement (No. 333-74745) on Form S-4 of Unisys Corporation of our reports dated February 24, 2010, with respect to the consolidated balance sheets of Unisys Corporation as of December 31, 2009 and 2008, and the related consolidated statements of income, stockholders' equity (deficit) and cash flows for the years then ended, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2009, which reports appear or are incorporated by reference in the December 31, 2009 Annual Report on Form 10-K of Unisys Corporation.

Our report refers to the adoption of a standard which changed the presentation and disclosure of noncontrolling interests in consolidated financial statements, and retroactively adjusted all periods presented in the consolidated financial statements for the change.

KPMG LLP

Philadelphia, Pennsylvania
February 24, 2010

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Unisys Corporation of our report dated February 28, 2008, except for Notes 2, 5, 7, 15, and 18 related to the effect of the adoption of Financial Accounting Standards No. 160, *"Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51"* (codified in FASB ASC Topic 810, *Consolidations*), as to which the date is May 11, 2009 and except for Notes 1, 2 and 16 as to the effect of the reverse stock split, as to which the date is February 24, 2010, with respect to the consolidated financial statements of Unisys Corporation included in the 2007 Annual Report to Stockholders of Unisys Corporation.

Our audit also included the financial statement schedule for the year ended December 31, 2007 of Unisys Corporation listed in Item 15(a). This schedule is the responsibility of Unisys Corporation's management. Our responsibility is to express an opinion based on our audit. In our opinion, as to which the date is February 28, 2008, except for Notes 2, 5, 7, 15, and 18 related to the effect of the adoption of Financial Accounting Standards No. 160, *"Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51"* (codified in FASB ASC Topic 810, *Consolidations*), as to which the date is May 11, 2009 and except for Notes 1, 2 and 16 as to the effect of the reverse stock split, as to which the date is February 24, 2010, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-51887) pertaining to the 1990 Unisys Long-Term Incentive Plan;

(2) Registration Statement (Form S-8 No. 333-73399) pertaining to the Deferred Compensation Plan for Executives of Unisys Corporation;

(3) Registration Statement (Form S-4 No. 333-74745) of Unisys Corporation;

(4) Registration Statement (Form S-8 No. 333-87409) pertaining to PulsePoint Communications 1983 Stock Option Plan, the Stock Option Plan for Independent Directors of Digital Sound Corporation and Tech Hackers, Inc. 1997 Equity Incentive Plan;

(5) Registration Statement (Form S-8 No. 333-40012) pertaining to the Director Stock Unit Plan;

(6) Registration Statement (Form S-8 No. 333-56036) pertaining to the Global Employee Stock Purchase Plan;

(7) Registration Statement (Form S-3 No. 333-85650) of Unisys Corporation, Unisys Capital Trust I, Unisys Capital Trust II;

(8) Registration Statement (Form S-8 No. 333-103324) pertaining to the Unisys Corporation 2002 Stock Option Plan;

(9) Registration Statement (Form S-8 No. 333-107338) pertaining to the Employee Stock Purchase Plan;

(10) Registration Statement (Form S-8 No. 333-114718) pertaining to the Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan;

(11) Registration Statement (Form S-8 No. 333-145429) pertaining to the Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan;

(12) Registration Statement (Form S-8 No. 333-155733) pertaining to the Unisys Savings Plan;

(13) Registration Statement (Form S-3 No. 333-155735) of Unisys Corporation;

(14) Registration Statement (Form S-8 No. 333-156569) pertaining to the Unisys Savings Plan; and

(15) Registration Statement (From S-3 No. 333-161905) of Unisys Corporation;

of our report dated February 28, 2008, except for Notes 2, 5, 7, 15, and 18 related to the effect of the adoption of Financial Accounting Standards No. 160, *"Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51"* (codified in FASB ASC Topic 810, *Consolidations*), as to which the date is May 11, 2009 and except for Notes 1, 2 and 16 as to the effect of the reverse stock split, as to which the date is February 24, 2010, with respect to the consolidated financial statements of Unisys Corporation incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule for the year ended December 31, 2007 of Unisys Corporation included in the Annual Report (Form 10-K) of Unisys Corporation for the year ended December 31, 2009.

Ernst + Young LLP

Philadelphia, Pennsylvania
February 24, 2010

Exhibit 24

POWER OF ATTORNEY
Unisys Corporation
Annual Report on Form 10-K
for the year ended December 31, 2009

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below does hereby make, constitute and appoint J. EDWARD COLEMAN, JANET BRUTSCHEA HAUGEN and NANCY STRAUS SUNDHEIM, and each one of them severally, his true and lawful attorneys-in-fact and agents, for such person and in such person's name, place and stead, to sign the Unisys Corporation Annual Report on Form 10-K for the year ended December 31, 2009, and any and all amendments thereto and to file such Annual Report on Form 10-K and any and all amendments thereto with the Securities and Exchange Commission, and does hereby grant unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as said person might or could do in person, hereby ratifying and confirming all that such attorney-in-fact and agents and each of them may lawfully do or cause to be done by virtue hereof.

Dated: February 21, 2010

/s/ J. P. Bolduc
J. P. Bolduc
Director

/s/ J. Edward Coleman
J. Edward Coleman
Chairman and Chief
Executive Officer;
Director

/s/ James J. Duderstadt
James J. Duderstadt
Director

/s/ Henry C. Duques
Henry C. Duques
Lead Director

/s/ Matthew J. Espe
Matthew J. Espe
Director

/s/ Denise K. Fletcher
Denise K. Fletcher
Director

/s/ Clayton M. Jones
Clayton M. Jones
Director

/s/ Leslie F. Kenne
Leslie F. Kenne
Director

/s/ Clay B. Lifflander
Clay B. Lifflander
Director

/s/ Theodore E. Martin
Theodore E. Martin
Director

/s/ Charles B. McQuade
Charles B. McQuade
Director

Exhibit 31.1

CERTIFICATION

I, J. Edward Coleman, certify that:

1. I have reviewed this annual report on Form 10-K of Unisys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2010

/s/ J. Edward Coleman

Name: J. Edward Coleman
Title: Chairman of the Board and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Janet Brutschea Haugen, certify that:

1. I have reviewed this annual report on Form 10-K of Unisys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2010

/s/ Janet Brutschea Haugen

Name: Janet Brutschea Haugen
Title: Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

I, J. Edward Coleman, Chairman of the Board and Chief Executive Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: February 24, 2010

/s/ J. Edward Coleman

J. Edward Coleman
Chairman of the Board and
Chief Executive Officer

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

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT

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

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: February 24, 2010

/s/ Janet Brutschea Haugen
Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

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