AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 10, 1996

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UNISYS CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	3571	38-0387840
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

TOWNSHIP LINE AND UNION MEETING ROADS
BLUE BELL, PA 19424
(215) 986-4011
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICE)

HAROLD S. BARRON
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
UNISYS CORPORATION
TOWNSHIP LINE AND UNION MEETING ROADS
BLUE BELL, PA 19424
(215) 986-5299
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [_]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER NOTE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
12% Senior Notes due 2003, Series B.....	$425,000,000	98.827%	$420,014,750	$144,833

(1) Estimated pursuant to Rule 457 solely for the purposes of calculating the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

UNISYS CORPORATION

CROSS-REFERENCE SHEET PURSUANT TO ITEM 501(B) OF REGULATION S-K

	FORM S-4 ITEM	LOCATION IN PROSPECTUS
A.	INFORMATION ABOUT THE TRANSACTION	
1.	Forepart of Registration Statement and Outside Front Cover Page of Prospectus.....	Outside Front Cover Page
2.	Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front Cover Page; Outside Back Cover Page
3.	Risk Factors, Ratio of Earnings to Fixed Charges and Other Information.....	Summary; Risk Factors; The Company; Ratio of Earnings to Fixed Charges; Selected Financial Data
4.	Terms of the Transaction.....	Summary; The Exchange Offer; Description of Notes; Certain Federal Income Tax Consequences; Plan of Distribution
5.	Pro Forma Financial Information.....	Not Applicable
6.	Material Contracts with the Company Being Acquired.....	Not Applicable
7.	Additional Information Required for Reoffering by Persons and Parties Deemed To Be Underwriters.....	Not Applicable
8.	Interests of Named Experts and Counsel.....	Legal Matters
9.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not Applicable
B.	INFORMATION ABOUT THE REGISTRANT	
10.	Information with Respect to S-3 Registrants..	Recent Developments; Information Incorporated by Reference
11.	Incorporation of Certain Information by Reference.....	Information Incorporated by Reference
12.	Information with Respect to S-2 or S-3 Registrants.....	Not Applicable
13.	Incorporation of Certain Information by Reference.....	Not Applicable
14.	Information with Respect to Registrants Other Than S-2 or S-3 Registrants.....	Not Applicable
C.	INFORMATION ABOUT THE COMPANY BEING ACQUIRED	
15.	Information with Respect to S-3 Companies....	Not Applicable
16.	Information with Respect to S-2 or S-3 Companies.....	Not Applicable
17.	Information with Respect to Companies Other Than S-2 or S-3 Companies.....	Not Applicable
D.	VOTING AND MANAGEMENT INFORMATION	
18.	Information if Proxies, Consents or Authorizations Are to be Solicited.....	Not Applicable
19.	Information if Proxies, Consents or Authorizations Are not to Be Solicited, or in an Exchange Offer.....	Information Incorporated by Reference

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A   +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE   +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT   +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR   +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE   +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE   +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY STATE.   +
+++

SUBJECT TO COMPLETION, DATED APRIL 10, 1996

PROSPECTUS

UNISYS CORPORATION

OFFER TO EXCHANGE ITS
12% SENIOR NOTES DUE 2003, SERIES B
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933
FOR ALL OF ITS OUTSTANDING
12% SENIOR NOTES DUE 2003, SERIES A

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK TIME, ON , 1996 (THE "EXPIRATION DATE"), UNLESS EXTENDED.

Unisys Corporation ("Unisys" or the "Company") hereby offers, upon the terms and subject to the conditions set forth in this prospectus (the "Prospectus") and the accompanying Letter of Transmittal (which together constitute the "Exchange Offer"), to exchange an aggregate of up to $425,000,000 principal amount of 12% Senior Notes due 2003, Series B (the "New Notes") for an identical face amount of outstanding 12% Senior Notes due 2003, Series A (the "Old Notes" and, with the New Notes, the "Notes"). The terms of the New Notes are identical in all material respects to the terms of the Old Notes except for certain transfer restrictions and registration rights relating to the Old Notes. The New Notes will be issued pursuant to, and entitled to the benefits of, the Indenture (as defined) governing the Old Notes. See "The Exchange Offer."

The New Notes will be redeemable at the option of the Company, in whole or in part, at any time on and after April 15, 2000, at the redemption prices set forth herein, plus accrued and unpaid interest, if any, to the date of redemption. In addition, upon the occurrence of a Change in Control (as defined), each holder of New Notes may require the Company to repurchase all or a portion of such holder's Notes at a cash purchase price of 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase. See "Description of Notes."

The New Notes will be senior unsecured obligations of the Company and will rank pari passu in right of payment with all senior indebtedness of the Company and senior in right of payment to all subordinated indebtedness of the Company.

The New Notes are being offered hereunder in order to satisfy certain obligations of the Company under the A/B Exchange and Registration Rights Agreement dated as of March 29, 1996 (the "Registration Rights Agreement"). Holders of Old Notes that are accepted for exchange and exchanged for New Notes will receive, in cash, accrued interest thereon to, but not including, the original issuance date of the New Notes. Such interest will be paid, together with accrued interest on the New Notes, on the first interest payment date for the New Notes. Interest on the Old Notes accepted for exchange and exchanged in the Exchange Offer will cease to accrue on the date preceding the date of original issuance of the New Notes. Interest on the New Notes will be payable semi-annually on April 15 and October 15 of each year, commencing October 15, 1996, and will accrue from the original issuance date of the New Notes.

Each broker-dealer that receives New Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. To the extent any broker-dealer participates in the Exchange Offer and so notifies the Company, or causes the Company to be so notified in writing, the Company has agreed that, for a period of up to six months after the effective date hereof, it will make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

The Company will not receive any proceeds from the Exchange Offer and will pay all the expenses incident to the Exchange Offer, subject to certain limitations. Tenders of Old Notes pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date. In the event the Company terminates the Exchange Offer and does not accept for exchange any Old Notes, it will promptly return the Old Notes to the holders thereof. See "The Exchange Offer."

Prior to the Exchange Offer, there has been no public market for the Old Notes or the New Notes. To the extent that Old Notes are tendered and accepted in the Exchange Offer, a holder's ability to sell untendered Old Notes could be adversely affected. If a market for the New Notes should develop, the New Notes could trade at a discount from their principal amount. The Company does not currently intend to list the New Notes on any securities exchange or to seek

approval for quotation through any automated quotation system. There can be no assurance that an active public market for the New Notes will develop.

The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered for exchange pursuant to the Exchange Offer.

The Exchange Agent for the Exchange Offer is Bank of Montreal Trust Company.

SEE "RISK FACTORS" COMMENCING ON PAGE 8 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE EXCHANGE OFFER AND AN INVESTMENT IN THE NOTES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS , 1996.

THIS PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HEREWITH. THESE DOCUMENTS ARE AVAILABLE UPON REQUEST AS SET FORTH BELOW IN "INFORMATION INCORPORATED BY REFERENCE." IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE AT LEAST FIVE BUSINESS DAYS PRIOR TO THE EXPIRATION DATE.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-4 under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the New Notes being offered hereby (the "Registration Statement"). As permitted by the rules and regulations of the Commission, this Prospectus, which constitutes a part of the Registration Statement, does not contain certain information, exhibits and undertakings contained in the Registration Statement. Such additional information can be inspected at and obtained from the Commission in the manner set forth below. For further information, reference is made to the Registration Statement and to the exhibits thereto. Statements contained herein concerning any documents are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith is required to file periodic reports, proxy statements and other information with the Commission relating to its business, financial statements and other matters. Such reports, proxy statements and other information, as well as the Registration Statement, may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Regional Offices of the Commission located in the Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, and 7 World Trade Center, New York, New York 10048. Copies of such material can also be obtained from the Commission at prescribed rates by addressing written requests for such copies to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Such reports, proxy statements and other information are also available for inspection at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York, 10005.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been filed with the Commission pursuant to the Exchange Act and are incorporated by reference into this Prospectus:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 1995.

2. The Company's Current Reports on Form 8-K dated February 22, 1996, March 4, 1996 and March 29, 1996.

All documents filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date hereof and prior to the termination of the Exchange Offer shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents. Any statements contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part hereof except as so modified or superseded.

The Company will provide without charge to each person to whom a copy of this Prospectus is delivered, on written or oral request, copies of any or all documents incorporated by reference herein (other than the exhibits thereto unless such exhibits are incorporated specifically by reference therein). Requests should be directed to Unisys Corporation, Township Line and Union Meeting Roads, Blue Bell, Pennsylvania 19424, Attention: Corporate Secretary; Telephone (215) 986-4042.

SUMMARY

The following summary is qualified in its entirety by and should be read in conjunction with the more detailed information and the financial statements and the notes thereto included and incorporated by reference elsewhere in this Prospectus. See "Risk Factors" for a discussion of certain factors that should be considered carefully in evaluating whether to participate in the Exchange Offer.

THE COMPANY

The Company is a worldwide information management company that provides systems and solutions designed to enhance the productivity, competitiveness and responsiveness of its clients. The Company has a history of providing these systems and solutions to clients in complex, transaction-intensive environments, particularly financial services, communications, transportation, public sector and commercial. At December 31, 1995, the Company employed approximately 37,400 people worldwide.

THE EXCHANGE OFFER

Notes Offered.....	Up to $425,000,000 aggregate principal amount of 12% Senior Notes due 2003, Series B. The terms of the New Notes and Old Notes are identical in all material respects, except for certain transfer restrictions and registration rights relating to the Old Notes.
The Exchange Offer.....	New Notes are being offered in exchange for a like principal amount of Old Notes. As of the date hereof, $425,000,000 aggregate principal amount of Old Notes are outstanding. The Company will issue the New Notes to holders promptly following the Expiration Date. See "Risk Factors--Consequences of Failure to Exchange."
Registration Rights Agreement.....	The Old Notes were sold on March 29, 1996 to Bear, Stearns & Co. Inc. and Merrill Lynch & Co. (the "Initial Purchasers"). In connection therewith, the Company executed and delivered for the benefit of the holders of the Old Notes the Registration Rights Agreement providing, among other things, for the Exchange Offer.
Expiration Date; Withdrawal of Tender.....	The Exchange Offer will expire at 5:00 p.m., New York City time, on , 1996, unless the Exchange Offer is extended, in which case the term "Expiration Date" means the latest date and time to which the Exchange Offer is extended. Tenders may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. See "The Exchange Offer--Withdrawal Rights."
Conditions to the Exchange Offer.....	The Exchange Offer is subject to certain customary conditions, which may be waived by the Company. The Company currently expects that each of the conditions will be satisfied and that no waivers will be necessary. See "Exchange Offer--Certain Conditions to the Exchange Offer."
Procedures for Tendering Old Notes.....	Each holder of Old Notes wishing to accept the Exchange Offer must complete, sign and date the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions contained

	herein and therein, and mail or otherwise deliver such Letter of Transmittal, or such facsimile, together with the Old Notes and any other required documentation to the exchange agent (the "Exchange Agent") at the address set forth on the Letter of Transmittal. See "The Exchange Offer--Procedures for Tendering Old Notes" and "Plan of Distribution."
Use of Proceeds.....	There will be no proceeds to the Company from the exchange of Notes pursuant to the Exchange Offer.
Federal Income Tax Consequences.....	The exchange of Notes pursuant to the Exchange Offer should not be treated as a taxable event for federal income tax purposes. See "Description of Certain Federal Income Tax Consequences."
Special Procedures for Beneficial Owners.....	Any beneficial owner whose Old Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact such registered holder promptly and instruct such registered holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on such owner's own behalf, such owner must, prior to completing and executing the Letter of Transmittal and delivering the Old Notes, either make appropriate arrangements to register ownership of the Old Notes in such owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time. See "The Exchange Offer--Procedures for Tendering Old Notes."
Guaranteed Delivery Procedures.....	Holders of Old Notes who wish to tender their Old Notes and whose Old Notes are not immediately available or who cannot deliver their Old Notes, the Letter of Transmittal or any other documents required by the Letter of Transmittal to the Exchange Agent prior to the Expiration Date must tender their Old Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer--Procedures for Tendering Old Notes."
Acceptance of Old Notes and Delivery of New Notes.....	The Company will accept for exchange any and all Old Notes which are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The New Notes issued pursuant to the Exchange Offer will be delivered promptly following the Expiration Date. See "The Exchange Offer--Acceptance of Old Notes For Exchange; Delivery of New Notes."
Exchange Agent.....	Bank of Montreal Trust Company is serving as Exchange Agent in connection with the Exchange Offer. See "The Exchange Offer--Exchange Agent."

CONSEQUENCES OF EXCHANGING OLD NOTES PURSUANT TO THE EXCHANGE OFFER

Based on certain interpretive letters issued by the staff of the Commission to third parties in unrelated transactions, holders of Old Notes (other than (i) any holder who is an "affiliate" of the Company within the

meaning of Rule 405 under the Securities Act or (ii) any broker-dealer that purchases Notes from the Company to resell pursuant to Rule 144A or any other available exemption under the Securities Act) who exchange their Old Notes for New Notes pursuant to the Exchange Offer generally may offer such New Notes for resale, resell such New Notes, and otherwise transfer such New Notes without compliance with the registration and prospectus delivery provisions of the Securities Act provided such New Notes are acquired in the ordinary course of the holders' business and such holders have no arrangement with any person to participate in a distribution of such New Notes. Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. In addition, to comply with the securities laws of certain jurisdictions, if applicable, the New Notes may not be offered or sold unless they have been registered or qualified for sale in such jurisdiction or an exemption from registration or qualification is available and complied with. If a holder of Old Notes does not exchange such Old Notes for New Notes pursuant to the Exchange Offer, such Old Notes will continue to be subject to the restrictions on transfer contained in the legend thereon. In general, the Old Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See "The Exchange Offer--Consequences of Failure to Exchange; Resale of New Notes" and "Plan of Distribution."

The Old Notes are currently eligible for trading in the Private Offerings, Resale and Trading through Automated Linkages ("PORTAL") market. Following commencement of the Exchange Offer but prior to its consummation, the Old Notes may continue to be traded in the PORTAL market. Following consummation of the Exchange Offer, the New Notes will not be eligible for PORTAL trading or listed on any securities exchange.

THE NEW NOTES

The Exchange Offer applies to $425,000,000 aggregate principal amount of Old Notes. The terms of the New Notes are identical in all material respects to the Old Notes, except for certain transfer restrictions and registration rights relating to the Old Notes. See "Description of Notes."

Notes Offered.....	$425,000,000 aggregate principal amount of 12% Senior Notes due 2003, Series B.
Maturity Date.....	April 15, 2003.
Interest Payment Dates.....	April 15 and October 15, commencing October 15, 1996.
Optional Redemption.....	The New Notes will be redeemable at the option of the Company, in whole or in part, on and after April 15, 2000, at the redemption prices set forth herein, together with accrued and unpaid interest, if any, to the date of redemption.
Mandatory Sinking Fund.....	None.
Ranking.....	The New Notes will be senior unsecured obligations of the Company, ranking pari passu with all existing and future senior indebtedness of the Company and senior to subordinated indebtedness.

Change in Control.....	Upon the occurrence of a Change in Control (as defined), holders of the New Notes will have the right, at the holder's option, to require the Company to repurchase all or any part of their Notes at a purchase price equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest thereon to the date of repurchase. No assurance can be given that the Company would have sufficient funds to repurchase any or all Notes then required to be repurchased. See "Description of Notes--Change in Control."
Certain Covenants.....	The Indenture (as defined) imposes certain restrictions on, among other things, the ability of the Company and certain of its subsidiaries to (i) incur indebtedness, (ii) make certain restricted payments, (iii) engage in transactions with affiliates, (iv) create liens and (v) engage in certain sale and leaseback transactions. These covenants include significant conditions and exceptions and should be read in their entirety. See "Description of Notes--Certain Covenants."
Absence of a Public Market for the New Notes.....	The New Notes are new securities for which there currently is no established market. Accordingly, there can be no assurance as to the development or liquidity of any market for the New Notes. The Company does not intend to apply for listing of the New Notes on any securities exchange or for quotation through the National Association of Securities Dealers Automated Quotation System.

RISK FACTORS

Holders of the Old Notes should carefully consider the specific matters set forth under "Risk Factors," as well as the other information and data included in this Prospectus, prior to tendering Old Notes in the Exchange Offer.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data for the five years ended December 31, 1995 are derived from audited consolidated financial statements. The following information should be read in conjunction with the related consolidated financial statements of the Company and accompanying notes included herein. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	YEAR ENDED DECEMBER 31				
	1995(1)	1994(1)	1993	1992	1991(1)
	(MILLIONS, EXCEPT RATIOS)				
RESULTS OF OPERATIONS DATA:					
Revenue	$6,202.3	$5,978.2	$5,980.8	$6,600.9	$ 6,791.1
Gross Profit	1,595.2	2,162.8	2,578.0	2,720.0	2,041.1
Operating Income (Loss)	(698.1)	154.4	572.4	573.5	(732.0)
Interest Expense	202.1	203.7	241.7	340.6	407.6
Income (Loss) From Continuing Operations Before Income Taxes, Extraordinary Items & Changes in Accounting Principles	(781.1)	14.6	370.9	301.3	(1,425.6)
Income (Loss) From Continuing Operations Before Extraordinary Items & Changes in Accounting Principles	(627.3)	12.1	286.3	166.3	(1,520.2)
Income From Discontinued Operations	2.7	96.1	75.3	129.9	126.9
Extraordinary Items	--	(7.7)	(26.4)	65.0	--
Effect of Changes in Accounting Principles	--	--	230.2	--	--
Net Income (Loss)	(624.6)	100.5	565.4	361.2	(1,393.3)
BALANCE SHEET DATA (AT END OF PERIOD):					
Cash, Cash Equivalents and Marketable Securities	$1,119.7	$ 884.6	$ 950.5	$ 882.8	$ 813.6
Working Capital	71.3	1,015.7	681.0	513.3	384.3
Total Assets	7,113.2	7,193.4	7,349.4	7,322.1	8,218.7
Current Debt	355.6	80.1	31.0	336.3	590.8
Long-Term Debt	1,533.3	1,864.1	2,025.0	2,172.8	2,694.6
Total Debt	1,888.9	1,944.2	2,056.0	2,509.1	3,285.4
Preferred Stock	1,570.3	1,570.3	1,570.2	1,578.0	1,578.0
Common Stockholders' Equity(2)	289.9	1,034.2	1,057.3	541.8	342.1
OTHER DATA:					
EBITDA(3)	$ 637.4	$ 818.1	$1,045.9	$1,121.9	$ 804.7
Capital Additions	195.0	208.2	173.5	227.0	222.7
Depreciation & Amortization(4)	369.8	413.6	433.3	480.0	622.7
EBITDA/Interest Expense(5)	3.15x	4.02x	4.33x	3.29x	1.97x

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(1) For the years ended December 31, 1995, 1994 and 1991, the Company recorded special pretax charges of $846.6 million, $186.2 million and $1,200.0 million, respectively. See Note 2 on page F-8.

(2) Common Stockholders' Equity is presented after deduction of cumulative preferred dividends in arrears of $107.8 million at December 31, 1993 and $170.4 million at December 31, 1992, all of which were paid by December 31, 1994.

(3) EBITDA consists of Income (Loss) From Continuing Operations Before Income Taxes, Extraordinary Items and Changes in Accounting Principles plus special pretax charges plus Interest Expense plus Depreciation and Amortization. Including special pretax charges, EBITDA was $(183.4) million in 1995, $631.9 million in 1994 and $(118.3) million in 1991. EBITDA is presented as additional information relating to the Company's ability to service its debt but is not being presented as being representative of operating results or cash flows for the period.

(4) Depreciation and amortization, for purposes of the EBITDA calculation, excludes special pretax charges of $25.8 million in 1995 and $277.0 million in 1991.

(5) EBITDA divided by Interest Expense. Including special pretax charges, the ratio was 3.10x in 1994 and negative in both 1995 and 1991.

RISK FACTORS

Holders of Old Notes should consider carefully, in addition to the other information contained herein, the following factors before deciding to tender their Old Notes in the Exchange Offer.

LOSSES IN 1995; RESTRUCTURINGS

The Company reported a net loss of $624.6 million in 1995. The loss included a fourth quarter pretax restructuring charge of $717.6 million primarily relating to the internal realignment of the Company into three operating units and covering work force reductions of approximately 7,900 people, product and program discontinuances and consolidation of office facilities and manufacturing capacity. In the fourth quarter of 1995, the Company also recorded a pretax charge for contract losses of $129.0 million relating primarily to a few large multi-year, fixed-price systems integration contracts. Stockholders' equity decreased $744.3 million during 1995, principally reflecting the net loss of $624.6 million and the declaration of preferred stock dividends of $123.7 million. The Company anticipates potential disruptions to its business from the restructuring actions. No assurance can be given that the Company will not experience losses in the future, particularly in the first quarter of 1996. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company operates in an industry that has undergone dramatic changes, including, in the case of the Company, a shift from higher margin to lower margin products and services. In order to improve its operating results, the Company has moved aggressively to realign its operations to reflect the rapidly changing market for information processing products and services. In addition to the 1995 restructuring charge, the Company recorded special pretax charges of $186.2 million in 1994, $1.2 billion in 1991, $181.0 million in 1990 and $231.0 million in 1989. Principally due to these special charges, the Company had net losses of $1.4 billion in 1991, $436.7 million in 1990 and $639.3 million in 1989.

HIGH LEVERAGE AND CASH REQUIREMENTS

At December 31, 1995, the Company had approximately $1.9 billion principal amount of debt, a large portion of which is scheduled to mature during the next two years. As of December 31, 1995, total debt maturing in 1996 and 1997 was $355.6 million and $431.8 million, respectively. The percentage of total debt to total capitalization for the Company was 50.4% at December 31, 1995. Total interest expense in 1995 was $202.1 million. In addition, dividends paid on preferred stock in 1995 amounted to $120.2 million. In March 1996, the Company issued $299 million aggregate principal amount of its 8 1/4% Convertible Subordinated Notes due 2006 (the "8 1/4% Convertible Notes") and $425 million aggregate principal amount of the Old Notes.

Cash requirements for the restructuring actions discussed above are expected to be approximately $400 million in 1996 and $150 million in 1997. The Company expects the restructuring actions to generate annualized savings in excess of $500 million by the end of 1996 and $600 million by the end of 1997. The degree to which cash savings from the restructuring actions will offset the 1996 cash requirement will depend upon the timing of implementation. Cash requirements for the restructuring actions and the annualized savings expected from such actions are forward-looking statements (as such term is used in the Private Securities Litigation Reform Act of 1995), and several factors, particularly the timing of implementation of the restructuring, could cause actual cash requirements and savings to be different.

The Company may require continued access to financing sources to meet its cash requirements for debt maturities, restructuring and operating activities. There can be no assurance that such access will always be available to the Company.

During 1995, the net cash used for continuing operations was $412.4 million (including principal payments of debt of $68.2 million). In 1995, discontinued operations provided cash of $658.3 million, primarily from the sale of the Company's defense systems business.

The Company's $325 million revolving credit facility terminates in May 1996. In September and December 1995, the bank syndicate waived compliance with certain financial covenants contained in the facility which were

affected by the Company's performance in those fiscal quarters. In December, the facility was amended to provide that future borrowings will be subject to the discretion of the bank group. The Company has not utilized the facility since its inception in December 1992. As of the date of this Prospectus, the Company has not yet commenced discussions regarding renewal or replacement of the revolving credit facility. The size, terms, conditions and participating banks for a renewed or replacement facility, if any, have yet to be determined. There can be no assurance that the amount available under such a facility, if any, will not be reduced or that the financial covenants thereunder will not be more restrictive. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 9 of the Notes to Consolidated Financial Statements.

SERIES B AND C PREFERRED STOCK

The Company has outstanding $150 million of Series B and C convertible preferred stock. If such preferred stock has not been previously converted by the holder or redeemed by the Company, the Company will be required to convert it into Common Stock, based on the then-current market price, and conduct a managed sale program of the Common Stock, which must, in general, be completed by June 28, 1997. See Note 16 of the Notes to Consolidated Financial Statements.

COMPETITION

The Company's business is affected by rapid change in technology in the information systems and services field and aggressive competition from many domestic and foreign companies, including computer hardware manufacturers, software providers and information services companies. The Company competes primarily on the basis of product performance, service, technological innovation and price. Many of the Company's competitors have greater financial, marketing or other resources than the Company. The Company's results depend upon its ability to compete successfully in the United States and abroad.

SYSTEMS INTEGRATION CONTRACTS

Certain of the Company's systems integration contracts are fixed-price contracts under which the Company assumes the risk for the delivery of the contracted services at an agreed-upon fixed price. The Company has at times experienced problems in performing certain of its fixed-price contracts on a profitable basis and has provided periodically for adjustments to the cost to complete such contracts. In the fourth quarter of 1995, the Company recorded a pretax charge for contract losses of $129.0 million relating to certain services contracts, primarily a few large multi-year, fixed-price systems integration contracts. There can be no assurance that the Company will not experience such contract performance problems in the future, which problems could affect the Company's results of operations.

REPURCHASE OF THE NOTES UPON A CHANGE IN CONTROL

Upon a Change in Control (as defined), the Company must offer to purchase the Notes then outstanding at a purchase price equal to 101% of the principal amount thereof, plus accrued interest to the date of purchase. See "Description of Notes--Change in Control."

The Change in Control purchase feature of the Notes may in certain circumstances discourage or make more difficult a sale or takeover of the Company. The occurrence of a Change in Control would enable the holders of certain other outstanding debt securities of the Company to exercise repurchase rights of the type described herein and would, in most cases, permit the Company's lenders to require prepayment of some or all amounts then outstanding under the Company's revolving credit facility. There can be no assurance that the Company will have sufficient funds available at the time of any Change in Control to effect the repurchase of the Notes. See "Description of Notes."

ABSENCE OF PUBLIC MARKET

The New Notes are being offered exclusively to holders of the Old Notes. The Old Notes were issued to a limited number of institutional investors. There is no existing trading market for the New Notes. Although the Initial Purchasers have informed the Company that they currently intend to make a market in the New Notes, they are not obligated to do so, and any such market making may be discontinued at any time without notice. In addition, any market-making activities in the Old Notes may be limited during the pendency of the Exchange Offer. The Old Notes are eligible for trading in the PORTAL market. The New Notes will not be eligible for trading in the PORTAL market, and the Company does not intend to apply for listing of the New Notes on any securities exchange or for quotation through the National Association of Securities Dealers Automated Quotation System. Accordingly, there can be no assurance as to the development or liquidity of any market for the New Notes. See "The Exchange Offer" and "Plan of Distribution."

CONSEQUENCES OF FAILURE TO EXCHANGE

Holders of Old Notes who do not exchange their Old Notes for New Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Old Notes contained in the legend thereon. In general, Old Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. The Company does not currently intend to register the Old Notes under the Securities Act. To the extent that Old Notes are tendered and accepted in the Exchange Offer, the trading market for untendered and tendered but unaccepted Old Notes could be adversely affected.

THE COMPANY

The Company is an information management company that provides information services, technology, software and customer support on a worldwide basis. The Company operates in the information management business segment. Financial information relating to this segment is set forth in Note 14 of the Notes to Consolidated Financial Statements.

The Company was incorporated in February 1984 under the laws of Delaware and is the successor by merger to Burroughs Corporation, a Michigan corporation incorporated in 1905. In November 1986, Sperry Corporation, a Delaware corporation incorporated in 1955, was merged with and into the Company, and the Company's name was changed to Unisys Corporation.

The principal executive offices of the Company are located at Township Line and Union Meeting Roads, Blue Bell, Pennsylvania 19424. The Company's telephone number is (215) 986-4011.

RECENT DEVELOPMENTS

On March 8, 1996, the Company completed a public offering of its 8 1/4% Convertible Notes in an aggregate principal amount of $299 million. The 8 1/4% Convertible Notes are convertible into an aggregate of 43.5 million shares of the Company's Common Stock at a conversion price of $6.875 per share. On March 29, 1996, the Company issued the Old Notes in an aggregate principal amount of $425 million. The net proceeds from the offerings were added to the Company's general funds and will be used for general corporate purposes, including the retirement of indebtedness of the Company.

USE OF PROCEEDS

There will be no proceeds to the Company from the exchange of Notes pursuant to the Exchange Offer.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of December 31, 1995, and as adjusted to give effect to (i) the sale of the 8 1/4% Convertible Notes on March 8, 1996 and (ii) the sale of the Old Notes on March 29, 1996 and application of the net proceeds thereof.

	DECEMBER 31, 1995	
	ACTUAL	AS ADJUSTED
	(MILLIONS)	
Cash, Cash Equivalents and Marketable Securities(1)	$1,119.7	$1,819.9
Short-Term Debt:		
Notes Payable and current maturities of Long-Term Debt	$ 355.6	$ 355.6
Long-Term Debt:		
12% Senior Notes due 2003 (net of unamortized discount of $5.0 million)	$ --	$ 420.0
Existing Senior Debt	1,188.3	1,188.3
8 1/4% Convertible Subordinated Notes due 2006(2)	--	299.0
Existing Convertible Subordinated Debt(3)	345.0	345.0
Total Long-Term Debt	1,533.3	2,252.3
Stockholders' Equity:		
Preferred Stock, $1.00 par value per share, 40,000,000 shares authorized; 28,405,179 shares issued	1,570.3	1,570.3
Common Stock, $.01 par value per share, 360,000,000 shares authorized; 172,316,135 shares issued	1.7	1.7
Accumulated Deficit	(702.6)	(702.6)
Other Capital	990.8	990.8
Total Stockholders' Equity	1,860.2	1,860.2
Total Capitalization	$3,393.5	$4,112.5

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(1) The net proceeds from the sale of the Old Notes, after payment of certain fees and expenses in connection with the offering of the Old Notes and anticipated expenses in connection with the Exchange Offer, were approximately $409.0 million. The net proceeds from the sale of the 8 1/4% Convertible Notes, after payment of certain fees and expenses, were approximately $291.2 million. In each case, net proceeds are assumed to increase Cash, Cash Equivalents and Marketable Securities.
(2) Convertible into an aggregate of 43.5 million shares of the Company's Common Stock at a conversion price of $6.875 per share.
(3) Convertible into an aggregate of 33.7 million shares of the Company's Common Stock at a conversion price of $10.2375 per share.

RATIO OF EARNINGS TO FIXED CHARGES

YEAR ENDED DECEMBER 31				
1995	1994	1993	1992	1991
*	1.11	2.21	1.72	*

The ratio of earnings to fixed charges has been computed by dividing income (loss) from continuing operations before income taxes, extraordinary items and changes in accounting principles minus undistributed earnings of associated companies plus fixed charges by fixed charges. Fixed charges consist of interest on all indebtedness, amortization of debt issuance expenses and the portion of rental expense representative of interest.

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* Earnings for the years ended December 31, 1995 and 1991 were inadequate to cover fixed charges by $776.1 million and $1,432.1 million, respectively.

SELECTED FINANCIAL DATA

The following selected financial data for the five years ended December 31, 1995 are derived from audited consolidated financial statements. The following information should be read in conjunction with the related consolidated financial statements and accompanying notes included herein. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	YEAR ENDED DECEMBER 31				
	1995(1)	1994(1)	1993	1992	1991(1)
	(MILLIONS, EXCEPT RATIOS)				
RESULTS OF OPERATIONS DATA:					
Revenue	$6,202.3	$5,978.2	$5,980.8	$6,600.9	$ 6,791.1
Operating Income (Loss)	(698.1)	154.4	572.4	573.5	(732.0)
Interest Expense	202.1	203.7	241.7	340.6	407.6
Income (Loss) From Continuing Operations Before Income Taxes, Extraordinary Items & Changes in Accounting Principles	(781.1)	14.6	370.9	301.3	(1,425.6)
Income (Loss) From Continuing Operations Before Extraordinary Items & Changes in Accounting Principles	(627.3)	12.1	286.3	166.3	(1,520.2)
Income From Discontinued Operations	2.7	96.1	75.3	129.9	126.9
Extraordinary Items	--	(7.7)	(26.4)	65.0	--
Effect of Changes in Accounting Principles	--	--	230.2	--	--
Net Income (Loss)	(624.6)	100.5	565.4	361.2	(1,393.3)
BALANCE SHEET DATA (AT END OF PERIOD):					
Cash, Cash Equivalents and Marketable Securities	$1,119.7	$ 884.6	$ 950.5	$ 882.8	$ 813.6
Working Capital	71.3	1,015.7	681.0	513.3	384.3
Total Assets	7,113.2	7,193.4	7,349.4	7,322.1	8,218.7
Current Debt	355.6	80.1	31.0	336.3	590.8
Long-Term Debt	1,533.3	1,864.1	2,025.0	2,172.8	2,694.6
Total Debt	1,888.9	1,944.2	2,056.0	2,509.1	3,285.4
Preferred Stock	1,570.3	1,570.3	1,570.2	1,578.0	1,578.0
Common Stockholders' Equity(2)	289.9	1,034.2	1,057.3	541.8	342.1
OTHER DATA:					
EBITDA(3)	$ 637.4	$ 818.1	$1,045.9	$1,121.9	$ 804.7
Capital Additions	195.0	208.2	173.5	227.0	222.7
Depreciation & Amortization(4)	369.8	413.6	433.3	480.0	622.7
EBITDA/Interest Expense(5)	3.15x	4.02x	4.33x	3.29x	1.97x

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(1) For the years ended December 31, 1995, 1994 and 1991, the Company recorded special pretax charges of $846.6 million, $186.2 million and $1,200.0 million, respectively. See Note 2 on page F-8.

(2) Common Stockholders' Equity is presented after deduction of cumulative preferred dividends in arrears of $107.8 million at December 31, 1993 and $170.4 million at December 31, 1992, all of which were paid by December 31, 1994.

(3) EBITDA consists of Income (Loss) From Continuing Operations Before Income Taxes, Extraordinary Items and Changes in Accounting Principles plus special pretax charges plus Interest Expense plus Depreciation and Amortization. Including special pretax charges, EBITDA was $(183.4) million in 1995, $631.9 million in 1994 and $(118.3) million in 1991. EBITDA is presented as additional information relating to the Company's ability to service its debt but is not being presented as being representative of operating results or cash flows for the period.

(4) Depreciation and amortization, for purposes of the EBITDA calculation, excludes special pretax charges of $25.8 million in 1995 and $277.0 million in 1991.

(5) EBITDA divided by Interest Expense. Including special pretax charges, the ratio was 3.10x in 1994 and negative in both 1995 and 1991.

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

OVERVIEW

In 1995, the Company reported a net loss of $624.6 million, or $4.35 per primary and fully diluted common share, compared to net income of $100.5 million, or a loss of $.11 per primary and fully diluted common share, in 1994. Results include fourth quarter charges of $846.6 million pretax ($670.5 million after tax) in 1995 and $186.2 million pretax ($133.1 million after tax) in 1994. See Note 2 of the Notes to Consolidated Financial Statements.

In October of 1995, the Company announced that it would realign internally into three business units--information services, support services and computer systems--each with its own marketing and sales organization. In the fourth quarter of 1995, in connection with this realignment, the Company recorded a restructuring charge of $717.6 million ($581.9 million after tax), or $3.39 per primary and fully diluted common share. The charge covers (i) $436.6 million for work force reductions of approximately 7,900 people including severance, notice pay, medical and other benefits, (ii) $218.6 million for consolidation of office facilities and manufacturing capacity, and (iii) $62.4 million for costs associated with product and program discontinuances. Cash requirements for these charges are expected to approximate $400 million in 1996 and $150 million in 1997. However, depending on the timing of implementation, cash savings are expected to significantly offset the 1996 cash requirements and more than offset the 1997 amount. As a result of the restructuring actions, the Company expects to generate annualized savings in excess of $500 million by the end of 1996 and $600 million by the end of 1997. In addition, in the fourth quarter of 1995, the Company recorded a charge for contract losses of $129.0 million ($88.6 million after tax), or $.51 per primary and fully diluted share, primarily related to a few large multi-year, fixed-price systems integration contracts. Included in the charge is $65.5 million, due to developments with respect to contract terminations.

In 1996, the Company may experience a slow first half because of potential disruption caused by the realignment of its operations into three business units. The Company's priorities in 1996 will be to focus on the effective and timely implementation of its new three business unit model and the execution of its restructuring plan. In addition, the Company will focus on operational issues, including planned product introductions, working capital management and improvement in the processes for qualification, bidding and execution of long-term, fixed-price systems integration contracts.

In May of 1995, the Company sold its defense business for cash of $862 million. A loss on the sale of $9.8 million, or $.06 per primary and fully diluted share, was recorded in the fourth quarter of 1995 after completion of the purchase price adjustment process. The net results of the defense operations for all periods presented are reported separately in the Consolidated Statement of Income as "income from discontinued operations." Prior period financial statements have been restated to report the defense business as a discontinued operation. See Note 3 of the Notes to Consolidated Financial Statements.

RESULTS OF OPERATIONS

Revenue for 1995 was $6.2 billion, up 4% from 1994 revenue of $6.0 billion. Approximately two-thirds of the overall increase in revenue was caused by foreign currency changes. Sales revenue declined 8% to $2.6 billion in 1995 from $2.9 billion in 1994, due to decreases in sales of enterprise systems and servers (21%), offset by increases in sales of departmental servers and desktop systems (6%) and software (3%). Services revenue increased 25% to $2.2 billion in 1995 from $1.8 billion in 1994. Equipment maintenance revenue increased 1% in 1995 to $1.4 billion from $1.3 billion in 1994.

Revenue for 1994 was $6.0 billion, as an increase in services revenue of 30% offset declines in sales revenue of 9% and equipment maintenance revenue of 7%.

Revenue from international operations in 1995 was $3.8 billion, up 6% from 1994, due principally to foreign currency changes. Revenue from U.S. operations in 1995 was $2.4 billion, up 1% from 1994. Revenue from operations outside the U.S. in 1994 was $3.6 billion, up 4% from 1993, due principally to an increase in revenue in Japan. Revenue from U.S. operations in 1994 was $2.4 billion, down 5% from 1993.

Sales gross profit margin was 39% in 1995 compared to 45% in 1994; services gross profit margin was 8% in 1995 compared to 22% in 1994; and equipment maintenance gross profit margin was 29% in 1995 compared to 35% in 1994. Excluding restructuring charges in both years: sales gross profit margin was 43% in 1995 compared to 47% in 1994; services gross profit margin was 15% in 1995 compared to 23% in 1994; and equipment maintenance gross profit margin was 36% in 1995 compared to 40% in 1994. The decline in sales gross profit margin was due in large part to a higher proportion of lower-margin personal computer sales and the reduced volume of large computer systems sales. The decline in services gross profit margin was principally due to provisions for loss contracts in 1995. The decline in equipment maintenance gross profit margin was due in large part to a higher proportion of lower-margin multivendor maintenance.

Total gross profit margin was 26% in 1995 (32% excluding restructuring charges) compared to 36% in 1994 (38% excluding restructuring charges). The total gross profit margin is expected to continue to reflect the continuing shift to lower-margin products and services as well as competitive pricing. In addition, business risks associated with services contracts, particularly large, multi-year, fixed-price systems integration contracts, may from time to time create volatility in margins.

In 1993, total gross profit margin was 43%, sales gross profit margin was 51%, services gross profit margin was 25%, and equipment maintenance gross profit margin was 43%.

Selling, general and administrative expenses in 1995 were $1.9 billion compared to $1.5 billion in 1994. Exclusive of restructuring charges, selling, general and administrative expenses in 1995 were $1.6 billion, an increase of 5% from $1.5 billion in 1994. Approximately one-half of the increase was due to the effects of foreign currency changes. Selling, general and administrative expenses were $1.5 billion in 1993.

Research and development expenses in 1995 were $409.5 million compared to $463.6 million in 1994. Exclusive of restructuring charges, research and development expenses were $366.8 million in 1995 compared to $435.7 million in 1994, a decline of 16%. In 1993, research and development expenses were $489.3 million. Reductions in research and development expenses principally reflect the Company's move to common hardware platforms and technologies. In addition, research and development expense as a percent of total revenue is expected to decline consistent with the increasing proportion of revenue from the services businesses, which require less research and development expenditures.

In 1995, the Company reported an operating loss of $698.1 million compared to operating income of $154.4 million in 1994 and $572.4 million in 1993. Exclusive of restructuring charges, operating income in 1995 was $19.5 million (.3% of revenue) compared to $339.6 million (5.7% of revenue) in 1994 and $572.4 million (9.6% of revenue) in 1993.

Interest expense was $202.1 million in 1995, $203.7 million in 1994 and $241.7 million in 1993. The decline in 1994 from 1993 was due principally to lower average debt levels.

Other income in 1995 was $119.1 million compared to $63.9 million in 1994 and $40.2 million in 1993. The increase in other income in 1995 compared to 1994 was due principally to higher royalty and interest income. The increase in other income in 1994 compared to 1993 was due principally to favorable foreign currency translation.

It is the Company's policy to minimize its exposure to foreign currency fluctuations. Due to a weakening of the U.S. dollar compared to foreign currencies, foreign currency changes, including the cost of hedging, had a positive effect on net income in 1995 when compared to last year.

The loss from continuing operations before income taxes for 1995 was $781.1 million ($63.5 million exclusive of restructuring charges) compared to income in 1994 of $14.6 million ($200.8 million exclusive of restructuring charges) and income in 1993 of $370.9 million.

Estimated income taxes in 1995 were a benefit of $153.8 million ($18.1 million benefit before the restructuring charge) compared to a 1994 provision of $2.5 million ($55.6 million before the restructuring charge) and a 1993 provision of $84.6 million.

The net loss for 1995 was $624.6 million compared to net income of $100.5 million in 1994 and $565.4 million in 1993.

ACCOUNTING CHANGES AND EXTRAORDINARY ITEMS

In 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and SFAS 123, "Accounting for Stock-Based Compensation." Both of these statements are required to be adopted by January 1, 1996. The Company does not expect that adoption of SFAS 121 and 123 will have a material effect on its consolidated financial position, consolidated statement of income, or liquidity. For further discussion, see Note 4 of the Notes to Consolidated Financial Statements.

In 1994, the Company recorded an extraordinary charge for repurchases of debt of $7.7 million, net of $5.1 million of income tax benefits, or $.04 per fully diluted common share.

Effective January 1, 1993, the Company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS 109, "Accounting for Income Taxes." The adoption of SFAS 106 decreased net income $194.8 million, net of $124.5 million of income tax benefits, or $.79 per fully diluted common share, and the adoption of SFAS 109 increased net income by $425.0 million, or $1.73 per fully diluted common share. For further discussion of SFAS 106 and 109, see Notes 15 and 7, respectively, of the Notes to Consolidated Financial Statements.

At December 31, 1995, the Company had deferred tax assets in excess of deferred tax liabilities of $1,457 million. For the reasons cited below, management determined that it is more likely than not that $958 million of such assets will be realized, therefore resulting in a valuation allowance of $499 million. In assessing the likelihood of realization of this asset, the Company considered various factors including its forecast of future taxable income and available tax planning strategies that could be implemented to realize deferred tax assets.

The principal methods used to assess the likelihood of realization were the Company's forecast of future taxable income, which was adjusted by applying probability factors to the achievement of this forecast, and tax planning strategies. The combination of forecasted taxable income and tax planning strategies are expected to be sufficient to realize the entire amount of net deferred tax assets. Approximately $2.8 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets.

The Company's net deferred tax assets include substantial amounts of net operating loss and tax credit carryforwards. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. In recent years, the information management business has undergone dramatic changes and there can be no assurances that in the future there would not be increased competition or other factors that may result in a decline in sales or margins, loss of market share, or technological obsolescence. The Company will evaluate quarterly the realizability of its net deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary.

In 1993, the Company reported an extraordinary charge of $26.4 million, net of $16.8 million of income tax benefits, or $.11 per fully diluted common share. See Note 4 of the Notes to Consolidated Financial Statements.

FINANCIAL CONDITION

In 1995, cash provided by operating activities was $97.7 million compared to $529.1 million in 1994 and $953.4 million in 1993. The decrease in cash provided in 1995 compared to 1994 was due in large part to the loss in 1995, restructuring payments relating to prior years, and an increase in income tax payments.

Investments in properties and rental equipment were $195.0, $208.2, and $173.5 million in 1995, 1994, and 1993, respectively.

During 1995, 1994, and 1993, the Company retired $68.2, $140.1, and $394.4 million of debt, respectively. The Company intends, from time to time, to continue to redeem or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions, and other factors.

At December 31, 1995, total debt was $1.9 billion, a decrease of $55.3 million from December 31, 1994. Cash, cash equivalents, and marketable securities at December 31, 1995 were $1,119.7 million compared to $884.6 million at December 31, 1994. During 1995, debt net of cash and marketable securities decreased $290.4 million to $769.2 million. As a percent of total capital, debt net of cash and marketable securities was 29% at both December 31, 1995 and 1994.

Cash requirements in 1996 are expected to include payments in respect of the restructuring actions discussed above and current maturities of long-term debt. See Notes 2 and 9 of the Notes to Consolidated Financial Statements. The Company believes that the funds to meet these requirements will come from a combination of utilization of cash on hand, operating cash flow, which will reflect savings generated by the restructuring actions, and external sources of financing.

The Company has on file with the Securities and Exchange Commission an effective registration statement covering $500 million of debt or equity securities which enables the Company to be prepared for future market opportunities.

The Company has a $325 million revolving credit facility with a syndicate of banks that expires in May of 1996. In September and December of 1995, the bank syndicate waived compliance with certain financial covenants in the facility which were impacted by performance in the respective quarters. Borrowings under that facility are now subject to approval by the bank group. The Company has never utilized the facility and does not expect to do so. The size, terms, conditions and participating banks for a new facility, if any, after expiration of the current facility, have yet to be determined.

Dividends paid on preferred stock amounted to $120.2 million in 1995 compared to $228.0 million in 1994 and $183.7 million in 1993. The 1994 amount included full payment for all preferred dividend arrearages.

Net cash provided by discontinued operations in 1995 was $658.3 million consisting of $862.0 million proceeds from the sale of the defense business offset by cash used of $203.7 million. Cash provided by discontinued operations in 1994 and 1993 amounted to $102.2 and $43.0 million, respectively.

The Company may settle certain open tax years with the Internal Revenue Service in 1996. It is expected that such settlements will result in cash payments of approximately $60 million (including interest). These payments will not affect earnings since provision for these taxes has been made in prior years.

Stockholders' equity decreased $744.3 million during 1995, principally reflecting the net loss of $624.6 million and preferred dividends of $123.7 million.

BUSINESS

COMPANY OVERVIEW

The Company is a worldwide information management company. Through its three business groups, Information Services Group ("ISG"), Computer Systems Group ("CSG") and Global Customer Services Group ("GCS"), the Company provides systems and solutions designed to enhance the productivity, competitiveness and responsiveness of its clients. The Company has a history of providing these systems and solutions to clients in complex, transaction-intensive environments, particularly financial services, communications, transportation, public sector and commercial (the "Vertical Markets"). At December 31, 1995, the Company employed approximately 37,400 people worldwide. For the fiscal year ended December 31, 1995, the Company had revenue of $6.2 billion, approximately 61% of which was derived from operations outside of the United States.

In 1991, the Company began a phased transition away from a traditional mainframe and defense electronics company to an information management company. The transition was driven primarily by changing market and customer requirements--the demand not only for open and interoperable systems, but also for software and professional services that improve business results. The Company's clients were increasingly seeking information technology vendors who could work closely with them to use information and apply technology to improve their service to their customers, enhance their competitive position and increase their profitability. To implement this transition, the Company has expanded existing strengths and added new capabilities. It has:

- developed a worldwide information services practice
- accelerated its move into technology based on open and interoperable systems
- expanded its traditional hardware and software maintenance business to include support services for distributed computing environments, particularly network integration and desktop services

In October 1995, the Company launched a fundamental change to its organizational structure designed to capitalize on these strengths and capabilities and to provide increased focus and accountability. The Company established three complementary business units: ISG, CSG and GCS. This "three businesses--one company" approach replaces a highly interdependent matrix management structure under which all of the Company's services and technology businesses shared common resources to sell and market their services and products. In contrast, the new structure recognizes the different markets that each business unit serves. With its own sales and marketing force, each business unit is responsible for customizing its services or products to the specific needs of its clients. Each business unit is tailoring its resources and aligning its cost structure to compete more effectively and react more quickly to growth opportunities in its market. Internally, operations will be streamlined by the elimination of the time, cost and bureaucracy involved under the matrix structure in coordinating different business units with different strategies.

Each group will capitalize on the Company's worldwide marketing presence, its extensive customer base and its tradition of providing solutions in complex, transaction-intensive environments. As a result of the breadth of solutions required by the Company's clients, frequently some combination of the Company's three business units will work together to meet the needs of any one client. The Company believes its position as a single-source solutions provider is a key differentiator that many clients prefer. The Company also believes that greater market focus, combined with the synergy among the business units and the cost benefits associated with utilizing common corporate services, will strengthen its overall competitive position.

COMPETITIVE STRENGTHS

- Worldwide Infrastructure--The Company has an established worldwide sales and support infrastructure. This not only allows the Company to respond quickly and cost-effectively to client needs but also positions the Company to expand into new markets and to broaden its services offerings with a minimum of capital investment.

- Client Relationships/Industry Expertise--The Company has a large installed base of major customers, located in over 100 countries. Clients include many of the world's largest banks and airlines, U.S. telephone companies and international PTTs and numerous government agencies in the United States and overseas. The Company has a history of providing complex solutions in transaction-intensive environments, particularly the Vertical Markets.

- Single Source Solutions Provider--The Company believes that the breadth of products and services offered by its three business units gives it the ability to satisfy all of the information management requirements of its clients. The Company believes that this ability is key to retaining existing clients and attracting new ones. A substantial portion of the Company's revenue in 1995 derived from clients who purchased products or services attributable to at least two of the business units.

THE INFORMATION SERVICES GROUP

ISG provides management and technology consulting, systems integration, outsourcing services and industry-specific software solutions to clients worldwide. ISG's services and solutions are particularly designed for clients in the Vertical Markets where the Company has industry expertise. The mission of this group is to help clients gain a tangible improvement in their business through the creative use of information and information technology. If the three business units had been in place in 1995, ISG would have accounted for approximately $1.8 billion or 30% of the Company's total customer revenue for fiscal 1995. Approximately 51% of the revenue attributable to ISG in fiscal 1995 was generated in the United States, 32% in Europe/Africa and 17% in Americas/Pacific.

ISG operates a global practice that is able to leverage both the Company's experience in servicing the Vertical Markets and the Company's large installed base of over 50,000 clients, many of whom need comprehensive solutions. ISG has established business relationships with other leading services providers and hardware and software suppliers to complement its offerings, to provide timely access to new technology and to increase its market presence.

VERTICAL MARKET	REPRESENTATIVE CUSTOMERS	SOLUTIONS PROVIDED
FINANCIAL SERVICES	.Large banks .Major insurance companies .Securities firms	. Retail and wholesale banking services and consulting . Clearing and settlement networks . Item and payment processing systems . Image-enabled check processing .Remittance and archiving
COMMUNICATIONS	. U.S. regional telephone companies .Long distance carriers .International PTTs	.Multimedia messaging .Network monitoring .Payment and billing systems
TRANSPORTATION	.Airlines .Railroads .Marine cargo lines .Hotels/car rental agencies	. Reservation systems and yield management .Cargo management .Infrastructure management
PUBLIC SECTOR	. National, state and local/regional government agencies worldwide	.Justice/public safety solutions .Social services solutions . Tax processing/collection systems . Customs solutions .Postal systems solutions
COMMERCIAL	.Retailers .Distributors .Manufacturers .Publishers/graphic artists	.Supply chain management .Point of sale decision support .Electronic commerce .Publishing

ISG has recently instituted procedures intended to improve its gross margins while maintaining revenue growth. This approach is designed to improve the quality of ISG's contracts by instituting a more disciplined process for qualifying and bidding for contracts, thereby limiting execution risk and improving pricing. In addition, management is also seeking to improve sales efficiency and to decrease sales and marketing expenses with focused programs in targeted vertical markets. In reconfiguring its sales force, ISG intends to reduce the number of its employees in Europe, to institute a flatter management structure worldwide and to increase the number of its trained professionals in the United States.

THE COMPUTER SYSTEMS GROUP

CSG provides a full line of computer hardware and software products for use by end users, systems integrators, software developers and resellers as the building blocks of advanced information management solutions. These products include enterprise systems and servers, departmental servers, desktop systems, systems software and development tools, parallel processing systems, imaging, document management and payment processing systems, data communications and information storage solutions. CSG focuses on clients in the Vertical Markets and elsewhere who depend upon information management technology to run mission-critical applications on a continuous basis. If the three business units had been in place in 1995, CSG would have accounted for approximately $2.5 billion or 40% of the Company's total customer revenue for fiscal 1995. Approximately 29% of revenue attributable to CSG for fiscal 1995 was generated in the United States, 30% in Europe/Africa and 41% in Americas/Pacific.

CSG continues to align its product offerings in response to technological advances and a shifting set of market and client requirements. CSG has migrated its A Series and in 1996 will be migrating its 2200 Series enterprise servers to CMOS integrated circuit technology, thus improving the price/performance ratios of these servers and reducing product development cycles. Using an approach known as heterogeneous multiprocessing, future enterprise servers will be able to employ both the proprietary CMOS processors--to protect clients' investment in custom software--and advanced Intel Pentium(R) and Pentium Pro(TM) processors running the Windows NT(R) or UNIX(R) operating environments to provide clients the additional benefits of industry-standard client/server computing. In 1995, the Company and Intel Corporation jointly developed the Open Parallel Unisys Server (OPUS) parallel processing platform, primarily for the airlines, retail banking, telecommunications, manufacturing, retailing and consumer products markets.

To capitalize on the growing personal computer market, CSG has developed the capability to provide its clients with personal computers built to order using components and software sourced from a number of technology vendors. This allows CSG both to meet specialized client requirements and to reduce inventory levels at assembly and distribution sites. CSG intends to continue to grow this segment of its business by expanding its already strong customer base and by drawing upon its international reputation for quality products.

CSG's goal is to drive volume sales of its products. CSG has a dedicated worldwide direct sales force in place and is expanding indirect channels of distribution such as independent software vendors, systems integrators, solutions providers and resellers. To drive volume sales, CSG is also complementing its own resources with the expertise of strategic partners in specialized technology areas such as relational databases, data warehousing and microprocessor technology. These alliances with other technology providers have allowed CSG to enhance and broaden its product line, to achieve economies of scale and to offer "best-of-breed" products to its clients.

CSG has undertaken numerous manufacturing initiatives to improve its competitive position by consolidating its operations. It is also building its products more cost-effectively by using common platforms and commodity components, when possible. This, along with the availability of components and technology from strategic partners, has allowed CSG both to reduce its overall research and development expenditures and to focus a larger portion of research and development expenditures on growth programs and businesses, notably in software, parallel processing and personal computers.

THE GLOBAL CUSTOMER SERVICES GROUP

GCS provides network integration, desktop services and maintenance services to help clients manage, maintain and support their distributed computing environments. GCS evolved from the Company's traditional equipment maintenance organization, which provided installation, configuration and maintenance services for the Company's proprietary hardware and software systems. The goal of GCS is to help clients maximize the availability and effectiveness of their information technology investments and to improve their systems' performance and productivity across multiple systems. If the three business units had been in place in 1995, GCS would have accounted for approximately $1.9 billion or 30% of the Company's total customer revenue for fiscal 1995. Approximately 40% of the revenue attributable to GCS in fiscal 1995 was generated in each of the United States and Europe/Africa and 20% in Americas/Pacific.

In recent years, microprocessor-based equipment has become increasingly reliable, requiring less maintenance than in the past. However, the rapid adoption of open systems, sourced from multiple vendors, and the rapid proliferation of client/server architecture have produced a significantly more complex and heterogeneous networked computing environment. As a result, demand for services to design, install and support today's multi-vendor, distributed networks is growing rapidly. The Company has moved aggressively to diversify its traditional maintenance business to capitalize on the growth opportunities in network design and integration, desktop services and multi-vendor maintenance and support.

The Company believes that GCS possesses fundamental competitive advantages in the growing customer services market. GCS has a mature services delivery infrastructure already in place, with two worldwide parts distribution centers and ten worldwide software support centers that facilitate uninterrupted quality service and support to clients. In addition, GCS delivers its desktop maintenance services using a unit replacement methodology rather than traditional on-site repair. This approach reduces restore time considerably and causes less disruption in the client's work place. Finally, the Network Enable organization within GCS, which specializes in network integration and management, has a depth of multi-vendor expertise and a degree of technology independence that the Company believes is unique. The Network Enable organization has established partnerships with many leading hardware manufacturers and network software providers. Because the products used in a Network Enable solution are sourced from multiple suppliers, GCS has been very successful in providing "best-of-breed" product offerings to a wide range of clients beyond the Company's existing client base.

STOCKHOLDER PROPOSAL

Greenway Partners, L.P., a stockholder of the Company, has requested the Company to solicit stockholder approval at its next annual meeting of stockholders (currently scheduled for April 25, 1996) of a resolution that would recommend to the Board of Directors that it authorize a spin-off transaction pursuant to which stockholders would become the owners of three separate publicly traded companies consisting of ISG, CSG and GCS. This resolution, if adopted by the stockholders, would serve only as a recommendation to the Board and would not compel the Board to take such action. The Board of Directors of the Company considers all reasonable avenues to increase stockholder value and has concluded that the Company's current business strategy and structure as described above will better serve to maximize stockholder value over time. Accordingly, the Board has recommended a vote against the proposal.

THE EXCHANGE OFFER

GENERAL

The Company hereby offers, upon the terms and subject to the conditions set forth in this Prospectus and in the accompanying Letter of Transmittal (which together constitute the Exchange Offer), to exchange up to $425.0 million aggregate principal amount of New Notes for a like aggregate principal amount of Old Notes properly tendered on or prior to the Expiration Date and not withdrawn as permitted pursuant to the procedures described below. The Exchange Offer is being made with respect to all of the Old Notes.

As of the date of this Prospectus, $425.0 million aggregate principal amount of the Old Notes was outstanding. This Prospectus, together with the Letter of Transmittal, is first being sent on or about 1996, to all holders of Old Notes known to the Company. The Company's obligation to accept Old Notes for exchange pursuant to the Exchange Offer is subject to certain conditions set forth under "Certain Conditions to the Exchange Offer" below. The Company currently expects that each of the conditions will be satisfied and that no waivers will be necessary.

PURPOSE OF THE EXCHANGE OFFER

The Old Notes were sold by the Company on March 29, 1996 to the Initial Purchasers. The Initial Purchasers subsequently sold the Old Notes to (i) "qualified institutional buyers," as defined in Rule 144A under the Securities Act ("Rule 144A"), in reliance on Rule 144A and (ii) a limited number of institutional "accredited investors," as defined in Rule 501(a)(1), (2) (3) or (7) under the Securities Act. Accordingly, the Old Notes may not be reoffered, resold, or otherwise transferred unless in a transaction registered under the Securities Act or unless an applicable exemption from the registration and prospectus delivery requirements of the Securities Act is available.

In connection with the issuance and sale of the Old Notes, the Company entered into the Registration Rights Agreement, which requires the Company to file with the Commission a registration statement relating to the Exchange Offer not later than 30 days after the date of issuance of the Old Notes, and to use its best efforts to cause the registration statement relating to the Exchange Offer to become effective under the Securities Act not later than 135 days after the date of issuance of the Old Notes and the Exchange Offer to be consummated not later than 30 days after the date of the effectiveness of the Registration Statement. A copy of the Registration Rights Agreement has been filed as an exhibit to the Registration Statement.

The Exchange Offer is being made by the Company to satisfy its obligations with respect to the Registration Rights Agreement. The term "holder," with respect to the Exchange Offer, means any person in whose name Old Notes are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered holder, or any person whose Old Notes are held of record by The Depository Trust Company. Holders of Old Notes who do not tender their Old Notes or whose Old Notes are tendered but not accepted would have to rely on exemptions to registration requirements under the securities laws, including the Securities Act, if they wish to sell their Old Notes.

Based on certain no-action letters issued by the staff of the Commission to third parties in unrelated transactions, the Company believes that the New Notes issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than (i) any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act or (ii) any broker-dealer that purchases Notes from the Company to resell pursuant to Rule 144A or any other available exemption) without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that such New Notes are acquired in the ordinary course of such holders' business and such holders have no arrangement with any person to participate in the distribution of such New Notes. Any holder of Old Notes who tenders in the Exchange Offer for the purpose of participating in a distribution of the New Notes may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. Thus, any New Notes acquired by such holder will not be freely transferable except in compliance with the Securities Act. See "--Consequences of Failure to Exchange; Resale of New Notes."

EXPIRATION DATE; EXTENSION; TERMINATION; AMENDMENT

The Exchange Offer will expire at 5:00 p.m., New York City time, on , 1996, unless the Company, in its sole discretion, has extended the period of time for which the Exchange Offer is open (such date, as it may be extended, is referred to herein as the "Expiration Date"). The Expiration Date will be at least 20 business days after the commencement of the Exchange Offer in accordance with Rule 14e-1(a) under the Exchange Act. The Company expressly reserves the right, at any time or from time to time, to extend the period of time during which the Exchange Offer is open, and thereby delay acceptance for exchange of any Old Notes, by giving oral or written notice to the Exchange Agent and by timely public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. During any such extension all Old Notes previously tendered will remain subject to the Exchange Offer unless properly withdrawn.

The Company expressly reserves the right to terminate or amend the Exchange Offer and not to accept for exchange any Old Notes not theretofore accepted for exchange upon the occurrence of any of the events specified below under "Certain Conditions to the Exchange Offer." If any such termination or amendment occurs, the Company will notify the Exchange Agent and will either issue a press release or give oral or written notice to the holders of the Old Notes as promptly as practicable.

For purposes of the Exchange Offer, a "business day" means any day other than Saturday, Sunday or a date on which banking institutions are required or authorized by New York State law to be closed, and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

PROCEDURES FOR TENDERING OLD NOTES

The tender to the Company of Old Notes by a holder thereof as set forth below and the acceptance thereof by the Company will constitute a binding agreement between the tendering holder and the Company upon the terms and subject to the conditions set forth in this Prospectus and in the accompanying Letter of Transmittal.

A holder of Old Notes may tender the same by (i) properly completing and signing the Letter of Transmittal or a facsimile thereof (all references in this Prospectus to the Letter of Transmittal shall be deemed to include a facsimile thereof) and delivering the same, together with the certificate or certificates representing the Old Notes being tendered and any required signature guarantees, to the Exchange Agent at its address set forth in the Letter of Transmittal on or prior to the Expiration Date (or complying with the procedure for book-entry transfer described below) or (ii) complying with the guaranteed delivery procedures described below.

If tendered Old Notes are registered in the name of the signer of the Letter of Transmittal and the New Notes to be issued in exchange therefor are to be issued (and any untendered Old Notes are to be reissued) in the name of the registered holder (which term, for the purposes described herein, shall include any participant in The Depository Trust Company (also referred to as a "book-entry transfer facility") whose name appears on a security listing as the owner of Notes), the signature of such signer need not be guaranteed. In any other case, the tendered Old Notes must be endorsed or accompanied by written instruments of transfer in form satisfactory to the Company and duly executed by the registered holder, and the signature on the endorsement or instrument of transfer must be guaranteed by a commercial bank or trust company located or having an office, branch, agency or correspondent in the United States, or by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc. (any of the foregoing hereinafter referred to as an "Eligible Institution"). If the New Notes and/or Old Notes not exchanged are to be delivered to an address other than that of the registered holder appearing on the note register for the Notes, the signature in the Letter of Transmittal must be guaranteed by an Eligible Institution.

THE METHOD OF DELIVERY OF OLD NOTES, LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDERS. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO INSURE TIMELY DELIVERY. NO OLD NOTES OR LETTERS OF TRANSMITTAL SHOULD BE SENT TO THE COMPANY.

The Exchange Agent will make a request promptly after the date of this Prospectus to establish accounts with respect to the Old Notes at the book-entry transfer facility for the purpose of facilitating the Exchange Offer, and subject to the establishment thereof, any financial institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of Old Notes by causing such book-entry transfer facility to transfer such Old Notes into the Exchange Agent's account with respect to the Old Notes in accordance with the book-entry transfer facility's procedures for such transfer. Although delivery of Old Notes may be effected through book-entry transfer into the Exchange Agent's account at the book-entry transfer facility, an appropriate Letter of Transmittal with any required signature guarantee and all other required documents must in each case be transmitted to and received or confirmed by the Exchange Agent at its address set forth on the Letter of Transmittal on or prior to the Expiration Date, or, if the guaranteed delivery procedures described below are complied with, within the time period provided under such procedures.

If a holder desires to accept the Exchange Offer and time will not permit a Letter of Transmittal or Old Notes to reach the Exchange Agent before the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if the Exchange Agent has received at its address set forth on the Letter of Transmittal on or prior to the Expiration Date, a letter, telegram or facsimile transmission from an Eligible Institution setting forth the name and address of the tendering holder, the names in which the Old Notes are registered and, if possible, the certificate numbers of the Old Notes to be tendered, and stating that the tender is being made thereby and guaranteeing that within five New York Stock Exchange trading days after the date of such letter, telegram or facsimile transmission, the Old Notes in proper form for transfer (or a confirmation of book-entry transfer of such Old Notes into the Exchange Agent's account at the book-entry transfer facility), will be delivered by such Eligible Institution together with a properly completed and duly executed Letter of Transmittal (and any other required documents). Unless Old Notes being tendered by the above-described method are deposited with the Exchange Agent within the time period set forth above (accompanied or preceded by a properly completed Letter of Transmittal and any other required documents), the Company may, at its option, reject the tender. Copies of the Notice of Guaranteed Delivery which may be used by Eligible Institutions for the purposes described in this paragraph are available from the Exchange Agent.

A tender will be deemed to have been received as of the date when (i) the tendering holder's properly completed and duly signed Letter of Transmittal accompanied by the Old Notes (or a confirmation of book-entry transfer of such Old Notes into the Exchange Agent's account at the book-entry transfer facility) is received by the Exchange Agent, or (ii) a Notice of Guaranteed Delivery or letter, telegram or facsimile transmission to similar effect (as provided above) from an Eligible Institution is received by the Exchange Agent. Issuances of New Notes in exchange for Old Notes tendered pursuant to a Notice of Guaranteed Delivery or letter, telegram or facsimile transmission to similar effect (as provided above) by an Eligible Institution will be made only against deposit of the Letter of Transmittal (and any other required documents) and the tendered Old Notes.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Old Notes tendered for exchange will be determined by the Company in its sole discretion, which determination shall be final and binding. The Company reserves the absolute right to reject any and all tenders of any particular Old Notes not properly tendered or not to accept any particular Old Notes which acceptance might, in the judgment of the Company or its counsel, be unlawful. The Company also reserves the absolute right to waive any defects or irregularities or conditions of the Exchange Offer as to any particular Old Notes either before or after the Expiration Date (including the right to waive the ineligibility of any holder who seeks to tender Old Notes in the Exchange Offer). The interpretation of the terms and conditions of the Exchange Offer (including the Letter of Transmittal and the instructions thereto) by the Company shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Notes for exchange must be cured within such reasonable period of time as the Company shall determine. Neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of Old Notes for exchange, nor shall any of them incur any liability for failure to give such notification.

If the Letter of Transmittal or any Old Notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or

representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted.

By tendering, each holder will represent to the Company that, among other things, the New Notes acquired pursuant to the Exchange Offer are being acquired in the ordinary course of business of the person receiving such New Notes, whether or not such person is the holder, that neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such New Notes, that neither the holder nor any such other person is an "affiliate," as defined under Rule 405 of the Securities Act, of the Company, or if it is an affiliate it will comply with the registration and prospectus requirements of the Securities Act to the extent applicable and that any person who is a broker-dealer registered under the Exchange Act or is participating in the Exchange Offer for the purposes of distributing the New Notes must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction of the New Notes acquired by such person and cannot rely on the position of the staff of the Commission set forth in certain no-action letters.

Each broker-dealer that receives New Notes for its own account in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. See "Plan of Distribution."

WITHDRAWAL RIGHTS

Tenders of Old Notes may be withdrawn at any time prior to the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal sent by telegram, facsimile transmission (receipt confirmed by telephone) or letter must be received by the Exchange Agent at the address set forth on the Letter of Transmittal prior to the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having tendered the Old Notes to be withdrawn (the "Depositor"), (ii) identify the Old Notes to be withdrawn (including the certificate number or numbers and principal amount of such Old Notes), (iii) be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which such Old Notes were tendered or as otherwise described above (including any required signature guarantees) or be accompanied by evidence satisfactory to the Company that the person withdrawing the tender has succeeded to the beneficial ownership of the Old Notes being withdrawn and (iv) specify the name in which any such Old Notes are to be registered, if different from that of the Depositor. All questions as to the validity, form and eligibility (including time of receipt) of such withdrawal notices will be determined by the Company in its sole discretion, which determination will be final and binding on all parties. Any Old Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Old Notes which have been tendered for exchange and which are properly withdrawn will be returned to the holder thereof without cost to such holder as soon as practicable after such withdrawal. Properly withdrawn Old Notes may be retendered by following one of the procedures described under "Procedures for Tendering Old Notes" above at any time on or prior to the Expiration Date.

ACCEPTANCE OF OLD NOTES FOR EXCHANGE; DELIVERY OF NEW NOTES

Upon satisfaction or waiver of all of the conditions to the Exchange Offer, the Company will accept, promptly after the Expiration Date, all Old Notes properly tendered and will issue the New Notes promptly after such acceptance. See "Certain Conditions to the Exchange Offer" below. For purposes of the Exchange Offer, the Company shall be deemed to have accepted properly tendered Old Notes for exchange when, as and if the Company has given oral or written notice thereof to the Exchange Agent.

In all cases, issuance of New Notes for Old Notes that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of certificates for such Old Notes or a timely book-entry confirmation of such Old Notes into the Exchange Agent's account at the book-entry transfer facility,

a properly completed and duly executed Letter of Transmittal and all other required documents. If any tendered Old Notes are not accepted for any reason set forth in the terms and conditions of the Exchange Offer or if Old Notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged Old Notes will be returned without expense to the tendering holder thereof (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at the book-entry transfer facility pursuant to the book-entry transfer procedures described herein, such non-exchanged Old Notes will be credited to an account maintained with such book-entry transfer facility) as promptly as practicable after the expiration of the Exchange Offer.

CERTAIN CONDITIONS TO THE EXCHANGE OFFER

Notwithstanding any other provision of the Exchange Offer, the Company shall not be required to accept for exchange, or to issue New Notes in exchange for, any Old Notes and may terminate or amend the Exchange Offer if at any time before the acceptance of such Old Notes for exchange or the exchange of the New Notes for such Old Notes, any of the following conditions exist:

(a) any action or proceeding is instituted or threatened in any court or by or before any governmental agency or regulatory authority or any injunction, order or decree is issued with respect to the Exchange Offer which, in the sole judgment of the Company, might materially impair the ability of the Company to proceed with the Exchange Offer or have a material adverse effect on the contemplated benefits of the Exchange Offer to the Company; or

(b) there shall have occurred any change, or any development involving a prospective change, in the business or financial affairs of the Company, which in the sole judgment of the Company, might materially impair the ability of the Company to proceed with the Exchange Offer or materially impair the contemplated benefits of the Exchange Offer to the Company; or

(c) the Exchange Offer does or would violate any applicable law or applicable interpretation of the staff of the Commission; or

(d) any governmental approval has not been obtained, which approval the Company, in its sole discretion, deems necessary for the consummation of the Exchange Offer; or

(e) there shall have been proposed, adopted or enacted any law, statute, rule or regulation (or an amendment to any existing law, statute, rule or regulation) which, in the sole judgment of the Company, might materially impair the ability of the Company to proceed with the Exchange Offer or have a material adverse effect on the contemplated benefits of the Exchange Offer to the Company; or

(f) there shall have occurred (i) any general suspension of, shortening of hours for, or limitation on prices for, trading in securities on the New York Stock Exchange (whether or not mandatory), (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks by Federal or state authorities in the United States (whether or not mandatory), (iii) a commencement of a war, armed hostilities or other international or national crisis directly or indirectly involving the United States, (iv) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other leading institutions in the United States, or (v) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances giving rise to any such condition or may be waived by the Company in whole or in part at any time and from time to time in its sole discretion. The failure by the Company at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. If such waiver constitutes a material change to the Exchange Offer, the Company will promptly disclose such waiver by means of a prospectus supplement that will be distributed to the registered holders of the Old Notes, and the Company will extend the Exchange Offer for a period of five to ten business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the Exchange Offer would otherwise expire during such five to ten business day period.

In addition, the Company will not accept for exchange any Old Notes tendered, and no New Notes will be issued in exchange for any such Old Notes, if at such time any stop order shall be threatened or in effect with respect to the Registration Statement of which this Prospectus constitutes a part or the qualification of the Indenture under the Trust Indenture Act of 1939. In any such event, the Company is required to use every reasonable effort to obtain the withdrawal of any stop order at the earliest possible time.

The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered for exchange.

EXCHANGE AGENT

Bank of Montreal Trust Company has been appointed as the Exchange Agent for the Exchange Offer. All executed Letters of Transmittal should be directed to the Exchange Agent at its address set forth on the Letter of Transmittal. Bank of Montreal Trust Company also acts as Trustee under the Indenture.

Questions and requests for assistance, requests for additional copies of this Prospectus or of the Letter of Transmittal and requests for Notices of Guaranteed Delivery should be directed to the Exchange Agent at the address set forth in the Letter of Transmittal.

SOLICITATION OF TENDERS; FEES AND EXPENSES

The Company has not retained any dealer-manager in connection with the Exchange Offer and will not make any payments to brokers, dealers or others soliciting acceptances of the Exchange Offer. The Company, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith. The Company will also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this and other related documents to the beneficial owners of the Old Notes and in handling or forwarding tenders for their customers.

No person has been authorized to give any information or to make any representations in connection with the Exchange Offer other than those contained in this Prospectus. If given or made, such information or representations should not be relied upon as having been authorized by the Company. Neither the delivery of this Prospectus nor any exchange made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the respective dates as of which information is given herein. The Exchange Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Old Notes in any jurisdiction in which the making of the Exchange Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction.

TRANSFER TAXES

The Company will pay all transfer taxes, if any, applicable to the exchange of Old Notes pursuant to the Exchange Offer. If, however, certificates representing New Notes or Old Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Old Notes tendered, or if tendered Old Notes are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Old Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

ACCOUNTING TREATMENT

The New Notes will be recorded at the carrying value of the Old Notes as reflected in the Company's accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be

recognized by the Company upon the exchange of New Notes for Old Notes. Expenses incurred in connection with the issuance of the New Notes will be amortized over the term of the New Notes.

CONSEQUENCES OF FAILURE TO EXCHANGE; RESALE OF NEW NOTES

Holders of Old Notes who do not exchange their Old Notes for New Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Old Notes as set forth in the legend thereon. Old Notes not exchanged pursuant to the Exchange Offer will continue to remain outstanding in accordance with their terms. In general, the Old Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. The Company does not currently anticipate that it will register the Old Notes under the Securities Act.

Based on certain no-action letters issued by the staff of the Commission to third parties in unrelated transactions, the Company believes that New Notes issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than (i) any such holder which is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act or (ii) any broker-dealer that purchases Notes from the Company to resell pursuant to Rule 144A or any other available exemption) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Notes are acquired in the ordinary course of such holders' business and such holders have no arrangement or understanding with any person to participate in the distribution of such New Notes. If any holder has any arrangement or understanding with respect to the distribution of the New Notes to be acquired pursuant to the Exchange Offer, such holder (i) could not rely on the applicable interpretations of the staff of the Commission and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. A broker-dealer who holds Old Notes that were acquired for its own account as a result of market-making or other trading activities may be deemed to be an "underwriter" within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of New Notes. Each such broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge in the Letter of Transmittal that it will deliver a prospectus in connection with any resale of such New Notes. See "Plan of Distribution."

In addition, to comply with the securities laws of certain jurisdictions, if applicable, the New Notes may not be offered or sold unless they have been registered or qualified for sale in such jurisdiction or an exemption from registration or qualification is available and is complied with.

Participation in the Exchange Offer is voluntary, and holders of Old Notes should carefully consider whether to participate. Holders of the Old Notes are urged to consult their financial and tax advisors in making their own decision on what action to take.

As a result of the making of, and upon acceptance for exchange of all validly tendered Old Notes pursuant to the terms of, this Exchange Offer, the Company will have fulfilled a covenant contained in the Registration Rights Agreement. Holders of Old Notes who do not tender their Old Notes in the Exchange Offer will continue to hold such Old Notes and will be entitled to all the rights, and limitations applicable thereto, under the Indenture, except for any such rights under the Registration Rights Agreement that by their terms terminate or cease to have further effectiveness as a result of the making of this Exchange Offer. All untendered Old Notes will continue to be subject to the restrictions on transfer set forth in the Indenture. To the extent that Old Notes are tendered and accepted in the Exchange Offer, the trading market for untendered Old Notes could be adversely affected.

The Company may in the future seek to acquire subject to the terms of the Indenture untendered Old Notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. The Company has no present plan to acquire any Old Notes which are not tendered in the Exchange Offer.

DESCRIPTION OF NOTES

GENERAL

The Old Notes were issued and the New Notes will be issued under an Indenture (the "Indenture"), dated as of March 29, 1996, between the Company and Bank of Montreal Trust Company, as trustee (the "Trustee"). The following summaries of certain provisions of the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definitions of certain terms therein. Wherever particular defined terms of the Indenture not otherwise defined herein are referred to, such defined terms shall be incorporated herein by reference. The Indenture is an exhibit to the Registration Statement of which this Prospectus is a part.

On March 29, 1996, the Company issued $425.0 million aggregate principal amount of Old Notes under the Indenture. The terms of the New Notes are identical in all material respects to the Old Notes, except for certain transfer restrictions and registration and other rights relating to the exchange of the Old Notes for New Notes. The Trustee will authenticate and deliver New Notes for original issue only in exchange for a like principal amount of Old Notes. Any Old Notes that remain outstanding after the consummation of the Exchange Offer, together with the New Notes, will be treated as a single class of securities under the Indenture. Accordingly, all references herein to specified percentages in aggregate principal amount of the outstanding Notes shall be deemed to mean, at any time after the Exchange Offer is consummated, such percentage in aggregate principal amount of the Old Notes and New Notes then outstanding.

The Company does not currently intend to list the New Notes on any securities exchange or to seek approval for quotation through any automated quotation system. There can be no assurance that an active public market for the New Notes will develop.

PRINCIPAL, MATURITY AND INTEREST

The aggregate principal amount of the Notes is limited to $425.0 million. Each Note will mature on April 15, 2003 and will bear interest at the rate per annum shown on the front cover of this Prospectus. Interest on the Notes will accrue from the date of original issuance or from the most recent interest payment date to which interest has been paid or provided for, payable semiannually (to holders of record at the close of business on the April 1 or October 1 immediately preceding the interest payment date) on April 15 and October 15 of each year, commencing October 15, 1996. Interest on the New Notes will accrue from and including their dates of issuance, payable semi-annually in arrears on each April 15 and October 15 after such issuance. Holders whose Old Notes are accepted for exchange will receive, in cash, accrued interest thereon to, but not including, the date of issuance of the New Notes, such interest to be payable with the first interest payment on the New Notes. Interest on the Old Notes shall cease accruing after the issuance of the New Notes issued in exchange therefor. See "--Book-Entry, Delivery and Form."

The Company has no sinking fund obligation with respect to the Notes.

RANKING

The Old Notes are and the New Notes will be senior unsecured obligations of the Company, ranking pari passu with all existing and future senior indebtedness of the Company and senior to subordinated indebtedness.

OPTIONAL REDEMPTION

The Notes may not be redeemed prior to April 15, 2000, on and after which date the Notes may be redeemed at the option of the Company as a whole, or from time to time in part, in multiples of $1,000, on any date prior to maturity, upon mailing a notice of such redemption not less than 30 nor more than 60 days prior to the date fixed for redemption to the holders of Notes to be redeemed, at the following redemption prices (expressed in percentages of the principal amount) together in each case with accrued interest to the date fixed for redemption:

If redeemed during the twelve-month period beginning April 15:

YEAR	PERCENTAGE
2000	106%
2001	103%
2002	100%

; provided that if the date fixed for redemption is April 15 or October 15, then the interest payable on such date shall be paid to the holder of record on the preceding April 1 or October 1.

If fewer than all of the Notes are to be redeemed, the Trustee shall select, in such manner as it shall deem appropriate and fair, which Notes shall be redeemed in whole or in part, and shall promptly notify the Company in writing of the Notes selected for redemption. On or prior to the redemption date specified in the notice of redemption, the Company will deposit with the Trustee money sufficient to pay the redemption price, together with all accrued interest, of all Notes or portions thereof to be redeemed.

CHANGE IN CONTROL

Upon any Change in Control with respect to the Company, each holder of Notes shall have the right (the "Repurchase Right"), at the holder's option, to require the Company to repurchase all of such holder's Notes, or a portion thereof which is $1,000 or any integral multiple thereof, on the date (the "Repurchase Date") that is 45 days after the date of the Company Notice (as defined below) at a price (the "Put Price") equal to 101% of the principal amount of the Notes, plus accrued interest, if any, to the Repurchase Date.

Within 30 days after the occurrence of a Change in Control, the Company is obligated to mail to all holders of record of the Notes a notice (the "Company Notice") of the occurrence of such Change in Control and the Repurchase Right arising as a result thereof. The Company shall deliver a copy of the Company Notice to the Trustee and shall cause a copy of such notice to be published in The Wall Street Journal or another newspaper of national circulation. To exercise the Repurchase Right, a holder of Notes must deliver on or before the 30th day after the date of the Company Notice irrevocable written notice to the Company (or an agent designated by the Company for such purpose) and the Trustee of the holder's exercise of such right together with the Notes with respect to which the right is being exercised, duly endorsed for transfer.

"Change in Control" means an event or series of events as a result of which (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of shares entitling the holder thereof to cast more than 50% of the votes for the election of directors of the Company; (ii) the Company consolidates with or merges into any other corporation, or conveys, transfers or leases all or substantially all of its assets to any person, or any other corporation merges into the Company, and, in the case of any such transaction, the outstanding Common Stock of the Company is changed or exchanged as a result; (iii) at any time Continuing Directors do not constitute a majority of the Board of Directors of the Company; or (iv) on any day (a "Calculation Date") the Company makes any distribution or distributions of cash, property or securities (other than regular quarterly dividends, Common Stock, preferred stock which is substantially equivalent to Common Stock or rights to acquire Common Stock or preferred stock which is substantially equivalent to Common Stock) to holders of Common Stock, or the Company or any of its Consolidated Subsidiaries purchases or otherwise acquires Common Stock, and the sum of the fair market value of such distribution or purchase on the Calculation Date, plus the fair market value, when made, of all other such distributions and purchases which have occurred during the 12-month period ending on the Calculation Date, in each case expressed as a percentage of the aggregate market price of all of the shares of Common Stock of the Company outstanding at the close of business on the last day prior to the date of declaration of each such distribution or the date of purchase, exceeds 50%. "Continuing Director" means at any date a member of the Company's Board of Directors (i) who was a member of such board 24 months prior to such date or (ii) who was nominated or elected by at least two-thirds of the directors who were Continuing

Directors at the time of such nomination or election or whose election to the Company's Board of Directors was recommended or endorsed by at least two-thirds of the directors who were Continuing Directors at the time of such election (under this definition, if the present Board of Directors of the Company were to approve a new director or directors and then resign, no Change in Control would occur even though the present Board of Directors would thereafter cease to be in office). No quantitative or other established meaning has been given to the phrase "all or substantially all" (which appears in the definition of Change in Control) by courts which have interpreted this phrase in various contexts. In interpreting this phrase, courts make a subjective determination as to the portion of assets conveyed, considering such factors as the value of assets conveyed and the proportion of an entity's income derived from the assets conveyed. To the extent the meaning of such phrase is uncertain, uncertainty will exist as to whether or not a Change in Control may have occurred (and, accordingly, whether or not the holders of Notes will have the right to require the Company to repurchase their Notes).

Certain leveraged transactions sponsored by the Company's management or an affiliate of the Company could constitute a Change in Control that would give rise to the Repurchase Right. The Indenture does not provide the Company's Board of Directors with the right to limit or waive the Repurchase Right in the event of any such leveraged transaction. The right to require the Company to repurchase the Notes could delay or deter a Change in Control of the Company, whether or not such Change in Control were supported by the Board of Directors of the Company.

The occurrence of a Change in Control would enable the holders of certain other outstanding debt securities of the Company to exercise Repurchase Rights of the type described above and would, in most cases, permit the Company's lenders to require prepayment of some or all amounts then outstanding under the Company's revolving credit facility. If a Change in Control occurs, there can be no assurance that the Company would have sufficient funds to repurchase any or all Notes then required to be repurchased under the Indenture.

If an offer is made to repurchase Notes as a result of a Change in Control, the Company will comply with all tender offer rules, including but not limited to Section 13(e) and 14(e) under the Exchange Act and Rules 13e-1 and 14e-1 thereunder, to the extent applicable to such offer.

CERTAIN DEFINITIONS

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person (i) existing at the time such Person becomes a Consolidated Subsidiary or (ii) assumed in connection with the acquisition of assets of such Person.

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Redeemable Stock, the quotient obtained by dividing (i) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment or mandatory redemption of such Indebtedness or Redeemable Stock, as the case may be, multiplied by the amount of such principal payment or mandatory redemption by (ii) the sum of all such principal payments or mandatory redemption amounts, as the case may be.

"Bank Credit Agreement" means the Credit Agreement dated as of December 11, 1992, as amended, among the Company, certain banks, and Morgan Guaranty Trust Company of New York and National Westminster Bank PLC, as agents.

"Common Stock" means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company and which is not subject to redemption by the Company.

"Consolidated Interest Coverage Ratio" means for any period the ratio of (i) the sum of Consolidated Net Income, Consolidated Interest Expense and Consolidated Tax Expense, plus, without duplication, all depreciation and all amortization, in each case, for such period, of the Company and its Consolidated Subsidiaries on a consolidated basis, all as determined in accordance with generally accepted accounting principles, to (ii) Consolidated Interest Expense for such period; provided, that in making such computation, the Consolidated Interest Expense attributable to interest on any indebtedness computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period.

"Consolidated Interest Expense" means for any period the sum of (i) the aggregate of the interest expense on Indebtedness of the Company and its Consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with generally accepted accounting principles, plus (ii) without duplication, that portion of capital lease obligations of the Company and its Consolidated Subsidiaries representative of the interest factor for such period, determined on a consolidated basis in accordance with generally accepted accounting principles, plus (iii) without duplication, dividends in respect of preferred or preference stock of a Consolidated Subsidiary of the Company held by Persons other than the Company or a Consolidated Subsidiary of the Company. For purposes of clause (iii) of the preceding sentence, dividends shall be deemed to be an amount equal to the actual dividends paid divided by 1.00 minus the applicable actual combined federal, state, local and foreign income tax rate of the Company (expressed as a decimal), on a consolidated basis, for the fiscal year immediately preceding the date of the transaction giving rise to the need to calculate Consolidated Interest Expense.

"Consolidated Net Income" means for any period the net income or loss of the Company and its Consolidated Subsidiaries for such period on a consolidated basis as determined in accordance with generally accepted accounting principles adjusted by excluding the after-tax effect of (i) net gains or losses in respect of dispositions of assets other than in the ordinary course of business, (ii) any gains or losses from currency exchange transactions not in the ordinary course of business consistent with past practice, (iii) any gains or losses attributable to write-ups or write-downs of assets or liabilities other than in the ordinary course of business, (iv) any special or extraordinary charges attributable to restructuring transactions other than in the ordinary course of business, (v) any income or loss of persons acquired in a "pooling of interest" transaction prior to the date of combination and (vi) the cumulative effect of a change in accounting principle from the date of the Indenture; provided that, if the consolidated financial statements of the Company and its Consolidated Subsidiaries for such period give effect to Statement 106 of the Financial Accounting Standards Board ("FASB 106"), Consolidated Net Income for such period shall be (a) increased by any expenses (net of any income tax benefits attributable to such expenses) for post-retirement benefits other than pensions ("Post-Retirement Benefits") to the extent that such expenses are deducted from net income in accordance with FASB 106 and (b) shall be decreased by the aggregate amount of cash payments for Post-Retirement Benefits during such period (net of any income tax benefits attributable to such cash payments on a pro forma basis calculated in the same manner as the income tax benefits referred to in clause (a)).

"Consolidated Stockholders' Equity" means the total stockholders' equity of the Company and its Consolidated Subsidiaries which, under generally accepted accounting principles, would appear on a consolidated balance sheet of the Company and its subsidiaries, excluding the separate component of stockholders' equity attributable to foreign currency translation adjustments pursuant to Statement of Financial Accounting Standards No. 52--"Foreign Currency Translation" or any successor provision or principle of generally accepted accounting principles.

"Consolidated Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of the capital stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

"Consolidated Tax Expense" means for any period the aggregate of the federal, state, local and foreign income tax expenses of the Company and its Consolidated Subsidiaries for such period determined on a consolidated basis in accordance with generally accepted accounting principles.

"Convertible Debt" means Indebtedness of the Company that, by its terms, is convertible in its entirety into Common Stock.

"Finance Subsidiary" means a corporation of the type described in clause (ii) of the definition of "Subsidiary."

"Foreign Subsidiary" means a corporation of the type described in clause (i) of the definition of "Subsidiary."

"generally accepted accounting principles" means generally accepted accounting principles in the United States as in effect (unless otherwise stated) as of the date of the Indenture, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by standby letter of credit or otherwise) or (ii) entered into for the purpose of assuring in any other manner the holder of such Indebtedness of the payment thereof or to protect such holder against loss in respect thereof (in whole or in part); provided that the term guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Indebtedness" means (i) any liability of any Person (a) for borrowed money, or (b) evidenced by a bond, note, debenture or similar instrument (including purchase money obligations but excluding Trade Payables), or (c) for the payment of money relating to a lease that is required to be classified as a capitalized lease obligation in accordance with generally accepted accounting principles, or (d) for preferred or preference stock of a Consolidated Subsidiary of the Company held by Persons other than the Company or any Consolidated Subsidiary of the Company; (ii) any liability of others described in the preceding clause (i) that the Person has guaranteed, that is recourse to such Person or that is otherwise its legal liability; and (iii) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (i) and (ii) above.

"Intercompany Obligations" means any Indebtedness or any other obligation of the Company or any Consolidated Subsidiary of the Company which, in the case of the Company, is owing to any Consolidated Subsidiary of the Company and which, in the case of any Consolidated Subsidiary of the Company, is owing to the Company or any other Consolidated Subsidiary of the Company.

"Permitted Indebtedness" means (i) Indebtedness of the Company or any Consolidated Subsidiary of the Company outstanding on the date of the Indenture; (ii) Indebtedness of the Company and its Consolidated Subsidiaries at any time outstanding not in excess of $500 million in the aggregate; (iii) Indebtedness of the Company and its Consolidated Subsidiaries at any time outstanding not in excess of $1 billion in the aggregate under the Bank Credit Agreement (and any refinancings or replacements thereof or additions thereto) and Indebtedness of Foreign Subsidiaries at any time outstanding not in excess of $250 million in the aggregate under bank loan facilities; (iv) Indebtedness of Finance Subsidiaries so long as such Indebtedness is non-recourse to, not guaranteed by and is not otherwise the legal liability of the Company or any other Consolidated Subsidiary; (v) Intercompany Obligations; and (vi) any renewals, extensions, substitutions, refundings, refinancings or

replacements of any Indebtedness described in clause (i) above ("Refinancing Indebtedness"); provided that (a) the aggregate principal amount of the Refinancing Indebtedness shall not exceed the sum of (1) the aggregate principal amount and accrued interest of the Indebtedness to be refinanced (or if such Indebtedness was issued at an original issue discount, the original issue discount price plus amortization of the original issue discount at the time of the incurrence of the Refinancing Indebtedness) and (2) the reasonable fees and expenses directly incurred in connection with such Refinancing Indebtedness, (b) such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, (c) Refinancing Indebtedness incurred by any Consolidated Subsidiary shall not be used to refinance Indebtedness of the Company and (d) such Refinancing Indebtedness determined as of the date of incurrence does not mature prior to the final scheduled maturity date of the Notes and the Average Life of such Refinancing Indebtedness is equal to or greater than the remaining Average Life of the Notes; provided that this clause (d) shall apply only if the final scheduled maturity date of the Indebtedness being refinanced is later than the final scheduled maturity date of the Notes. Notwithstanding clauses (ii) and (iii) above, up to $250 million of the amounts set forth in such clauses may be subtracted from such amounts and applied to increase any other amount set forth in either of such clauses.

"Principal Manufacturing Property" means any manufacturing property located within the United States of America (other than its territories or possessions) owned by the Company or any Subsidiary, except for any manufacturing property that, in the opinion of the Board of Directors, is not of material importance to the business conducted by the Company and its Subsidiaries, taken as a whole.

"Redeemable Stock" means any class or series of preferred or preference stock of the Company with a stated maturity which is prior to the stated maturity of the Notes or that by its terms or otherwise is required to be redeemed or retired, in whole or in part, prior to the stated maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to the stated maturity of the Notes.

"Related Person" means (i) any Affiliate of the Company, (ii) any Person who directly or indirectly holds 10% or more of any class of capital stock of the Company, (iii) with respect to any such natural Person, any other Person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin and (iv) any officer or director of the Company; provided, however, "Related Person" shall not include the Unisys Employees Savings Thrift Trust, or any successor thereof.

"Subsidiary" means any corporation of which at least a majority of the outstanding voting stock is owned by the Company or by other Subsidiaries, but will not include any such corporation (an "Affiliated Corporation") which (i) does not transact any substantial portion of its business or regularly maintain any substantial portion of its operating assets in the United States; (ii) is principally engaged in financing sales or leases of merchandise, equipment or services by the Company, a Subsidiary or another Affiliated Corporation; (iii) is principally engaged in holding or dealing in real estate or (iv) is principally engaged in the holding of stock in, and/or the financing of operations of, Affiliated Corporations.

"Trade Payables" means accounts payable or any other indebtedness or monetary obligations to trade creditors created or assumed in the ordinary course of business in connection with the obtaining of materials or services.

"Wholly Owned Consolidated Subsidiary" means with respect to any Person a Consolidated Subsidiary the voting stock (excluding directors' qualifying shares) of which is more than 90% owned, directly or indirectly, by such Person.

"Wholly Owned Subsidiary" means a Subsidiary of which all of the outstanding voting stock (other than directors' qualifying shares) is at the time, directly or indirectly, owned by the Company and/or by one or more Wholly Owned Subsidiaries.

CERTAIN COVENANTS

Set forth below is a summary of certain covenants contained in the Indenture. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Indenture.

Limitation on Company and Subsidiary Indebtedness

The Company will not, and will not permit any Consolidated Subsidiary of the Company to, create, incur, assume, guarantee the payment of, or otherwise become liable for, any Indebtedness (including Acquired Indebtedness) other than Permitted Indebtedness, unless, at the time of such event and after giving effect thereto on a pro forma basis, the Company's Consolidated Interest Coverage Ratio for the last four full fiscal quarters immediately preceding such event, taken as one period, is not less than 2.0 to 1.

Limitation on Restricted Payments

The Company will not, and will not permit any Consolidated Subsidiary of the Company to, directly or indirectly, (i) declare or pay any dividend on, or make any distribution in respect of or purchase, redeem or retire for value any capital stock of the Company, other than (a) through the issuance solely of the Company's own capital stock (other than Redeemable Stock) or options, warrants or other rights thereto or (b) in the case of any such capital stock that is Redeemable Stock ("Existing Redeemable Stock"), through the issuance solely of the Company's own capital stock (including new shares of Redeemable Stock, provided such new shares of Redeemable Stock have an Average Life equal to or greater than the lesser of (1) the remaining Average Life of the Existing Redeemable Stock or (2) the remaining Average Life of the Notes), or (ii) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, prior to scheduled maturity, mandatory sinking fund date or mandatory repayment date (including any repayment date arising from the right of a holder of any Indebtedness to require such Indebtedness to be paid by the Company prior to its stated maturity but excluding any repayment date arising as a result of any Indebtedness being declared due and payable prior to the date on which it would otherwise become due and payable due to any default in the performance of any term or provision of such Indebtedness), any Indebtedness of the Company which is subordinate in right of payment to the Notes (other than with, and to the extent of, the proceeds from the incurrence of Refinancing Indebtedness that constitutes Permitted Indebtedness) (such payments or any other actions described in (i) and (ii), collectively, "Restricted Payments").

The Company or any Consolidated Subsidiary of the Company may make a Restricted Payment which would otherwise be prohibited by the preceding paragraph, provided, that (i) at the time of and after giving effect to the proposed Restricted Payment no Event of Default (and no event that, after notice or lapse of time, or both, would become an Event of Default) shall have occurred and be continuing; (ii) at the time of and after giving effect to the proposed Restricted Payment (the value of any such payment, if other than cash, as determined by the Board of Directors, whose determination will be conclusive and evidenced by a Board Resolution), the aggregate amount of all Restricted Payments declared or made after June 30, 1992 will not exceed the sum of (a) 50% of the aggregate cumulative Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning after June 30, 1992 and ending on the last day of the Company's last fiscal quarter ending prior to the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) plus (b) the aggregate proceeds received by the Company as capital contributions to the Company after June 30, 1992, or from the issuance and sale (other than to a Consolidated Subsidiary of the Company) after June 30, 1992 of capital stock of the Company (excluding Redeemable Stock but including stock issued upon conversions of Convertible Debt, stock issued to the Company's pension plans and stock issued upon the exercise of options or warrants), plus (c) $250 million; and (iii) immediately after giving effect to such proposed Restricted Payment, the Company could incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the "Limitation on Company and Subsidiary Indebtedness" covenant described above; provided, however, the provisions of clause (iii) above shall not be applicable to any declaration or payment in cash of current dividends or dividends in arrears in respect of

any series of preferred stock of the Company. At December 31, 1995, the sum of the amounts referred to in clauses (a) and (b) above, less the aggregate amount of Restricted Payments declared after June 30, 1992, was in excess of $200 million.

The foregoing provisions will not prevent the payment of any dividend within 60 days after the date of its declaration, if, at the date of declaration, such payment would be permitted by such provisions. Notwithstanding the foregoing, "Restricted Payment" shall not include (i) the payment, during the period beginning October 1, 1992 and ended June 30, 1994, of an aggregate of $185 million of dividends in arrears in respect of the Company's preferred stock or (ii) the redemption of Convertible Debt pursuant to the terms of the indenture or other instrument under which such debt is issued, provided that (a) the last reported sale price for the Company's Common Stock for each of the five consecutive trading days immediately preceding the date of the notice of redemption therefor (the "notice date") shall have exceeded 115% of the conversion price for such Convertible Debt and (b) the Company's Consolidated Interest Coverage Ratio for the last four fiscal quarters immediately preceding such notice date, taken as one period, is not less than 2.0 to 1.

Limitation on Transactions with Related Persons

The Company will not, and will not permit any of its Consolidated Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with a Related Person unless such transaction or series of transactions is on terms that are no less favorable to the Company or such Consolidated Subsidiary, as the case may be, than would be available in a comparable transaction with an unrelated third party; provided, however, that the foregoing restrictions will not apply to (i) transactions between or among any of the Company and its Wholly Owned Consolidated Subsidiaries, (ii) transactions between or among any of the Company and its Consolidated Subsidiaries that are not Wholly Owned Consolidated Subsidiaries, provided such transactions are entered into in the ordinary course of business on terms and conditions consistent with prior practice, and (iii) any transaction with an officer or director of the Company or any Consolidated Subsidiary entered into in the ordinary course of business (including, without limitation, compensation or employee benefit and perquisite arrangements).

Limitation upon Mortgages and Liens

Neither the Company nor a Subsidiary will create or assume, except in favor of the Company or a Wholly Owned Subsidiary, any mortgage, pledge, lien or encumbrance upon any Principal Manufacturing Property or any stock or indebtedness of any Subsidiary without equally and ratably securing the Notes and any other indebtedness of the Company entitled thereto. This limitation will not apply to certain permitted encumbrances as described in the Indenture, including (i) purchase money mortgages entered into within specified time limits; (ii) liens existing on acquired property; (iii) certain tax, materialmen's, mechanics' and judgment liens, certain liens arising by operation of law and certain other similar liens; (iv) liens in connection with certain government contracts; (v) certain mortgages, pledges, liens or encumbrances in favor of any state or local government or governmental agency in connection with certain tax-exempt financings; (vi) pledges of customers' accounts or paper; (vii) certain mortgages, pledges, liens or encumbrances securing the payment of any V Loan Debt (as defined in the Indenture) and (viii) mortgages, pledges, liens and encumbrances not otherwise permitted if the sum of the indebtedness thereby secured plus the aggregate sales price of property involved in certain sale and leaseback transactions does not exceed the greater of $250,000,000 or 5% of Consolidated Stockholders' Equity.

Limitation Upon Sale and Leaseback Transactions

The Company and any Subsidiary will be prohibited from selling any Principal Manufacturing Property owned on the date of the Indenture with the intention of taking back a lease thereof, other than a temporary lease (a lease of not more than 36 months) with the intent that the use of the property by the Company or such Subsidiary will be discontinued before the expiration of such period, unless (i) the sum of the sale price of property involved in sale and leaseback transactions not otherwise permitted plus all indebtedness secured by

certain mortgages, pledges, liens and encumbrances does not exceed the greater of $250,000,000 or 5% of Consolidated Stockholders' Equity or (ii) the greater of the net proceeds of such sale or the fair market value of such Principal Manufacturing Property (which may be conclusively determined by the Board of Directors of the Company) are applied within 120 days to the optional retirement of outstanding Notes or to the optional retirement of other Funded Debt (as defined) of the Company ranking on a parity with the Notes.

CONSOLIDATION, MERGER, SALE OR LEASE OF ASSETS

The Company, without the consent of the holders of any of the outstanding Notes, may consolidate with or merge into, or transfer or lease its assets substantially as an entirety to any corporation organized under the laws of any domestic jurisdiction, provided that (i) the successor corporation assumes the Company's obligations on the Notes and under the Indenture, (ii) after giving effect to the transaction no Event of Default (and no event which, after notice or lapse of time would become an Event of Default) shall have occurred and be continuing, (iii) after giving effect to the transaction the Company or such successor corporation could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the "Limitation on Company and Subsidiary Indebtedness" covenant described above, and (iv) certain other conditions are met.

EVENTS OF DEFAULT

The following are Events of Default under the Indenture with respect to the Notes: (i) failure to pay principal of or any premium on any Note when due; (ii) failure to pay any interest on any Note when due, continued for 30 days; (iii) default in the performance or breach of any of the terms contained under "Consolidation, Merger, Sale or Lease of Assets;" (iv) failure to pay the Put Price on a Repurchase Date for any Note with respect to which the Repurchase Right has been exercised; (v) failure to perform any other covenant of the Company in the Indenture, continued for 60 days after written notice; (vi) default (a) in the payment of any scheduled principal of or interest on any Indebtedness of the Company or any Consolidated Subsidiary (other than the Notes) aggregating more than $25 million in principal amount when due after giving effect to any applicable grace period or (b) in the performance of any other term or provision of any Indebtedness of the Company or any Consolidated Subsidiary in excess of $25 million principal amount that results in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such acceleration shall not have been rescinded or annulled, or such Indebtedness shall not have been discharged, within a period of 15 days after written notice; (vii) the entry against the Company or any Consolidated Subsidiary of one or more judgments, decrees or orders by a court having jurisdiction in the premises from which no appeal may be or is taken for the payment of money, either individually or in the aggregate, in excess of $25 million and the continuance of such judgment, decree or order unsatisfied and in effect for any period of 45 consecutive days without a stay of execution after written notice; and (viii) certain events in bankruptcy, insolvency or reorganization.

If any Event of Default occurs and is continuing, either the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Notes may declare the principal amount of all the Notes to be due and payable immediately. At any time after a declaration of acceleration with respect to the Notes has been made, but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of outstanding Notes may, under certain circumstances, rescind and annul such acceleration.

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Notes.

The Company is required to furnish the Trustees annually with a statement as to the performance by the Company of certain of its obligations under the Indenture and as to any default in such performance.

MODIFICATION AND WAIVER

The Indenture provides that the Company and the Trustee may, without the consent of any holders of Notes, amend or supplement the Indenture for the purposes, among other things, of making any change that would provide any additional rights or benefits to the holders of the Notes or that does not adversely affect the legal rights of any holder under the Indenture or curing ambiguities, defects or inconsistencies in such Indenture or making other provisions.

Modifications of and amendments to the Indenture may be made by the Company and the Trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding Notes; provided, however, that no such modification or amendment may without the consent of each holder affected thereby (i) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes; (ii) reduce the rate of or change the time for payment of interest on any Note; (iii) adversely affect the Repurchase Right; (iv) change the currency of payment of principal of, or any premium or interest on, the Notes; (v) waive a redemption or payment with respect to any Note; (vi) reduce the percentage in principal amount of outstanding Notes, the consent of whose holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of, or of certain defaults under, the Indenture.

The holders of a majority in aggregate principal amount of the outstanding Notes may, on behalf of all holders of Notes, waive any past default under the Indenture with respect to the Notes, except a default in the payment of the principal of or any premium or interest on any of the Notes or in respect of a covenant or provision of the Indenture that cannot, under the terms of the Indenture, be modified or amended without the consent of the holders of each outstanding Note affected thereby.

DEFEASANCE

The Company, at its option, will be discharged from its obligations in respect of the outstanding Notes (except for certain obligations to register the transfer or exchange of Notes, replace stolen, lost or mutilated Notes, maintain paying agencies and hold moneys for payment in trust) or will not be subject to certain covenants applicable to the Notes if the Company deposits with the Trustee, in trust, money or U.S. Government Obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide money in an amount sufficient to pay all the principal of, and premium, if any, and any interest on the Notes on the dates such payments are due in accordance with the terms of the Notes. To exercise any such option, the Company is required, among other things, to deliver to the Trustee, under certain circumstances, an opinion of counsel to the effect that the deposit and related defeasance would not cause the holders of the Notes to recognize income, gain or loss for United States income tax purposes.

GOVERNING LAW

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

CONCERNING THE TRUSTEE

The Trustee's parent, Bank of Montreal, participates as a lender in the Company's revolving credit facility, and an affiliate of the Trustee, Harris Trust and Savings Bank, has normal banking relationships with the Company. Harris Trust and Savings Bank also serves as the Company's transfer agent.

BOOK-ENTRY, DELIVERY AND FORM

New Notes will initially be issued in the form of one or more Global Notes (the "Global Note"). The Global Note will be deposited promptly after the Expiration Date with, or on behalf of, The Depository Trust Company (the "Depositary") and registered in the name of Cede & Co., as nominee of the Depositary (such nominee being referred to herein as the "Global Note Holder").

The Depositary is a limited-purpose trust company that was created to hold securities for its participating organizations (collectively, the "Participants" or the "Depositary's Participants") and to facilitate the clearance and settlement of transactions in such securities between Participants through electronic book-entry changes in accounts of its Participants. The Depositary's Participants include securities brokers and dealers, banks and trust companies, clearing corporations and certain other organizations. Access to the Depositary's system is also available to other entities such as banks, brokers, dealers and trust companies (collectively, the "Indirect Participants" or the "Depositary's Indirect Participants") that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. Persons who are not Participants may beneficially own securities held by or on behalf of the Depositary only through the Depositary's Participants or the Depositary's Indirect Participants.

The Company expects that pursuant to procedures established by the Depositary (i) upon deposit of the Global Note, the Depositary will credit the accounts of Participants with portions of the principal amount of the Global Note and (ii) ownership of the Notes evidenced by the Global Note will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by the Depositary (with respect to the interests of the Depositary's Participants), the Depositary's Participants and the Depositary's Indirect Participants. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer Notes evidenced by the Global Note will be limited to such extent.

So long as the Global Note Holder is the registered owner of any Notes, the Global Note Holder will be considered the sole holder under the Indenture of any Notes evidenced by the Global Note. Beneficial owners of Notes evidenced by the Global Note will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any directions, instructions or approvals to the Trustee thereunder. Neither the Company nor the Trustee will have any responsibility or liability for any aspect of the records of the Depositary or for maintaining, supervising or reviewing any records of the Depositary relating to the Notes.

Payments in respect of the principal of, premium, if any, and interest on any Notes registered in the name of the Global Note Holder on the applicable record date will be payable by the Trustee to or at the direction of the Global Note Holder in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Company and the Trustee may treat the persons in whose names Notes, including the Global Note, are registered as the owners thereof for the purpose of receiving such payments. Consequently, neither the Company nor the Trustee has or will have any responsibility or liability for the payment of such amounts to beneficial owners of Notes. The Company believes, however, that it is currently the policy of the Depositary to immediately credit the accounts of the relevant Participants with such payments, in amounts proportionate to their respective holdings of beneficial interests in the relevant security as shown on the records of the Depositary. Payments by the Depositary's Participants and the Depositary's Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practice and will be the responsibility of the Depositary's Participants or the Depositary's Indirect Participants.

Certificated Securities. Subject to certain conditions, any person having a beneficial interest in the Global Note may, upon request to the Trustee, exchange such beneficial interest for Notes in the form of registered definitive certificates (the "Certificated Securities"). Upon any such issuance, the Trustee is required to register such Certificated Securities in the name of, and cause the same to be delivered to, such person or persons (or the nominee of any thereof). In addition, if (i) the Company notifies the Trustee in writing that the Depositary is no

longer willing or able to act as a depositary and the Company is unable to locate a qualified successor within 90 days or, if at any time the Depositary ceases to be a "clearing agency" registered under the Exchange Act, or (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of Notes in the form of Certificated Securities under the Indenture, then, upon surrender by the Global Note Holder of its Global Note, Notes in such form will be issued to each person that the Global Note Holder and the Depositary identify as being the beneficial owner of the related Notes.

Neither the Company nor the Trustee will be liable for any delay by the Global Note Holder or the Depositary in identifying the beneficial owners of Notes, and the Company and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the Global Note Holder or the Depositary for all purposes.

Settlement and Payment. The Indenture requires that payments in respect of the Notes represented by the Global Note (including principal, premium, if any, and interest) be made by the Company through the Trustee to the Depositary in same day funds. With respect to any Certificated Securities, payments of principal, premium, if any, and interest will be payable at the office or agency of the Company maintained for such purpose. Holders of Certificated Securities will be entitled to receive interest payments by wire transfer of next day funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each such holder's registered address.

PLAN OF DISTRIBUTION

Each broker-dealer that receives New Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired as a result of market-making activities or other trading activities. To the extent any broker-dealer participates in the Exchange Offer and so notifies the Company, or causes the Company to be so notified in writing, the Company has agreed that, for a period of up to six months after the date of this Prospectus, it will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale, and will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal.

The Company will not receive any proceeds from any sale of New Notes by broker-dealers. New Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Notes or a combination of such methods of resale, at prevailing market prices at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such New Notes. Any broker-dealer that resells New Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such New Notes may be deemed to be an "underwriter" within the meaning of the Securities Act, and any profit on any such resale of New Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The Company has agreed to pay all expenses incident to the Exchange Offer (other than commissions and concessions of any broker-dealers), subject to certain prescribed limitations, and will indemnify the holders of the Old Notes against certain liabilities, including certain liabilities that may arise under the Securities Act.

By its acceptance of the Exchange Offer, any broker-dealer that receives New Notes pursuant to the Exchange Offer hereby agrees to notify the Company prior to using the Prospectus in connection with the sale or transfer of New Notes, and acknowledges and agrees that, upon receipt of notice from the Company of the happening of any event which makes any statement in the Prospectus untrue in any material respect or which requires the making of any changes in the Prospectus in order to make the statements therein not misleading or which may impose upon the Company disclosure obligations that may have a material adverse effect on the Company (which notice the Company agrees to deliver promptly to such broker-dealer), such broker-dealer will suspend use of the Prospectus until the Company has notified such broker-dealer that delivery of the Prospectus may resume and has furnished copies of any amendment or supplement to the Prospectus to such broker-dealer.

DESCRIPTION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary describes certain material United States federal income tax consequences relevant to (i) the exchange of Old Notes for New Notes pursuant to the Exchange Offer and (ii) the ownership and disposition of Notes, all as of the date hereof. Unless otherwise indicated, this summary deals only with United States Holders (as defined below) who purchased Notes upon their original issuance and who hold such Notes as capital assets. The following discussion does not purport to deal with all aspects of United States federal income taxation that may be relevant to such holders, nor does it address United States federal income tax consequences which may be relevant to certain types of holders, such as dealers in securities or currencies, financial institutions, life insurance companies, persons holding Notes as a part of a hedging or conversion transaction or a straddle or United States Holders whose "functional currency" is not the U.S dollar, that are subject to special treatment under the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, the discussion below is based upon the provisions of the Code, and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. PERSONS CONSIDERING PARTICIPATION IN THE EXCHANGE OFFER SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER STATE, LOCAL OR FOREIGN TAXING JURISDICTION.

As used herein, a "United States Holder" of a Note means a holder that is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source. A "Non-United States Holder" is any holder that is not a United States Holder.

EXCHANGE OFFER

The exchange of the Old Notes for the New Notes pursuant to the Exchange Offer should not be treated as an "exchange" for federal income tax purposes because the New Notes should not be considered to differ materially in kind or extent from the Old Notes. Rather, the New Notes received by a holder of Old Notes should be treated as a continuation of the Old Notes in the hands of such holder. As a result, there should be no federal income tax consequences to a holder exchanging Old Notes for the New Notes pursuant to the Exchange Offer.

The remainder of the discussion below summarizes certain material federal income tax consequences to holders of either Old Notes or New Notes following consummation of the exchange pursuant to the Exchange Offer. Unless otherwise indicated, any reference to Notes is equally applicable to Old Notes and New Notes.

PAYMENTS OF INTEREST

Except as set forth below, interest on a Note generally will be taxable to a United States Holder as ordinary income from domestic sources at the time it is received or accrued in accordance with the United States Holder's method of accounting for tax purposes.

MARKET DISCOUNT

If a United States Holder purchases a Note for an amount that is less than its principal amount, the difference will be treated as "market discount" for United States federal income tax purposes, unless such difference is less than a specified de minimis amount. Under the market discount rules, a United States Holder will be required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, a Note as ordinary income to the extent of the market discount which has not previously been included in income and is treated as having accrued on such Note at the time of such payment or disposition. In addition, the United States Holder may be required to defer, until the maturity of the Note or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such Note.

Any market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the Note, unless the United States Holder elects to accrue on a constant interest method. A United States Holder of a Note may elect to include market discount in income currently as it accrues (on either a ratable or constant interest method), in which case the rule described above regarding deferral of interest deductions will not apply. This election to include market discount in income currently, once made, applies to all market discount obligations acquired on or after the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service ("IRS").

AMORTIZABLE BOND PREMIUM

A United States Holder that purchases a Note for an amount in excess of the Note's principal amount will be considered to have purchased the Note at a "premium". A United States Holder generally may elect to amortize the premium over the remaining term of the Note on a constant yield method. The amount amortized in any year will be treated as a reduction of the United States Holder's interest income from the Note. Bond premium on a Note held by a United States Holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on disposition of the Note. The election to amortize premium on a constant yield method once made applies to all debt obligations held or subsequently acquired by the electing United States Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

SALE, EXCHANGE AND RETIREMENT OF NOTES

A United States Holder's tax basis in a Note will, in general, be the United States Holder's cost therefor, increased by market discount previously included in income by the United States Holder and reduced by any amortized premium. Upon the sale, exchange or retirement of a Note, a United States Holder will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange or retirement (less any accrued stated interest, which will be taxable as such) and the adjusted tax basis of the Note. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held for more than one year. Under current law, net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income. The deductibility of capital losses is subject to limitations.

NON-UNITED STATES HOLDERS

Under present United States federal income and estate tax law, and subject to the discussion below concerning backup withholding:

(a) no withholding of United States federal income tax will be required with respect to the payment by the Company or any paying agent of principal or interest on a Note owned by a Non-United States Holder, provided that (i) the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote within the meaning of section 871(h)(3) of the Code and the regulations thereunder, (ii) the beneficial owner is not a controlled

foreign corporation that is related to the Company through stock ownership, (iii) the beneficial owner is not a bank whose receipt of interest on a Note is described in section 881(c)(3)(A) of the Code and (iv) the beneficial owner satisfies the statement requirement (described generally below) set forth in section 871(h) or section 881(c) of the Code and the regulations thereunder;

(b) no withholding of United States federal income tax will be required with respect to any gain or income realized by a Non-United States Holder upon the sale, exchange or retirement of a Note; and

(c) a Note beneficially owned by an individual who at the time of death is a Non-United States Holder will not be subject to United States federal estate tax as a result of such individual's death, provided that such individual does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote within the meaning of section 871(h)(3) of the Code and provided that the interest payments with respect to such Note would not have been, if received at the time of such individual's death, effectively connected with the conduct of a United States trade or business by such individual.

To satisfy the requirement referred to in (a)(iv) above, the beneficial owner of such Note, or a financial institution holding the Note on behalf of such owner, must provide, in accordance with specified procedures, a paying agent of the Company with a statement to the effect that the beneficial owner is not a United States person. Pursuant to current temporary Treasury regulations, these requirements will be met if (1) the beneficial owner provides his name and address, and certifies, under penalties of perjury, that he is not a United States person (which certification may be made on an IRS Form W-8 (or successor form)) or (2) a financial institution holding the Note on behalf of the beneficial owner certifies, under penalties of perjury, that such statement has been received by it and furnishes a paying agent with a copy thereof.

If a Non-United States Holder cannot satisfy the requirements of the "portfolio interest" exception described in (a) above, payments of interest and premium made to Non-United States Holders will be subject to a 30% withholding tax unless the beneficial owner of the Note provides the Company or its paying agent, as the case may be, with a properly executed (1) IRS Form 1001 (or successor form) claiming an exemption from withholding under the benefit of a tax treaty or (2) IRS Form 4224 (or successor form) stating that interest paid on the Note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States.

If a Non-United States Holder is engaged in a trade or business in the United States and interest or premium on the Note is effectively connected with the conduct of such trade or business, the Non-United States Holder, although exempt from the withholding tax discussed above, will be subject to United States federal income tax on such interest on a net income basis in the same manner as if it were a United States Holder. In addition, if such holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to adjustments. For this purpose, such interest and premium on a Note will be included in such foreign corporation's earnings and profits.

Any gain or income realized upon the sale, exchange or retirement of a Note generally will not be subject to United States federal income tax unless (i) such gain or income is effectively connected with a trade or business in the United States of the Non-United States Holder, or (ii) in the case of a Non-United States Holder who is an individual, such individual is present in the United States for 183 days or more in the taxable year of such sale, exchange or retirement, and certain other conditions are met.

INFORMATION REPORTING AND BACKUP WITHHOLDING

In general, information reporting requirements will apply to certain payments of principal and interest paid on Notes and to the proceeds of sale of a Note made to United States Holders other than certain exempt recipients (such as corporations). A 31% backup withholding tax will apply to such payments if the United States Holder fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income.

No information reporting or backup withholding will be required with respect to payments made by the Company or any paying agent to Non-United States Holders if a statement described in (a) (iv) under "Non-United States Holders" has been received and the payor does not have actual knowledge that the beneficial owner is a United States person.

In addition, backup withholding and information reporting will not apply if payments of principal and interest on a Note are paid or collected by a foreign office of a custodian, nominee or other foreign agent on behalf of the beneficial owner of such Note, or if a foreign office of a foreign broker (as defined in applicable Treasury regulations) pays the proceeds of the sale of a Note to the owner thereof. If, however, such nominee, custodian, agent or broker is, for United States federal income tax purposes, a United States person, a controlled foreign corporation or a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, such payments will not be subject to backup withholding but will be subject to information reporting, unless (1) such custodian, nominee, agent or broker has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met or (2) the beneficial owner otherwise establishes an exemption. Temporary Treasury regulations provide that the Treasury is considering whether backup withholding will apply with respect to such payments of principal, interest or the proceeds of a sale that are not subject to backup withholding under the current regulations.

Payments of principal and interest on a Note paid to the beneficial owner of a Note by a United States office of a custodian, nominee or agent, or the payment by the United States office of a broker of the proceeds of sale of a Note, will be subject to both backup withholding and information reporting unless the beneficial owner provides the statement referred to in (a) (iv) above and the payor does not have actual knowledge that the beneficial owner is a United States person or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against such holder's United States federal income tax liability provided the required information is furnished to the IRS.

LEGAL MATTERS

Certain legal matters regarding the issuance of the New Notes will be passed on for the Company by Harold S. Barron, Senior Vice President, General Counsel and Secretary of the Company. As of the date of this Prospectus, Mr. Barron owns 68,295 shares (including 66,695 restricted shares) of the Company's Common Stock and holds options to purchase 193,000 shares of Common Stock.

EXPERTS

The consolidated financial statements of the Company at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, included and incorporated by reference in this Registration Statement and related Prospectus, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon, which are included and incorporated by reference herein. Such consolidated financial statements are included and incorporated herein in reliance upon the reports of Ernst & Young LLP pertaining to such financial statements given upon the authority of such firm as experts in accounting and auditing.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of Unisys Corporation

We have audited the accompanying consolidated balance sheets of Unisys Corporation at December 31, 1995 and 1994, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1995. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unisys Corporation at December 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 4 to the consolidated financial statements, in 1993 Unisys Corporation changed its method of accounting for postretirement benefits other than pensions and income taxes.

/s/Ernst & Young LLP

Philadelphia, Pennsylvania
January 26, 1996

UNISYS CORPORATION

CONSOLIDATED STATEMENT OF INCOME

	YEAR ENDED DECEMBER 31		
	1995	1994	1993
	(MILLIONS, EXCEPT PER SHARE DATA)		
Revenue			
Sales	$ 2,646.3	$ 2,877.1	$ 3,178.6
Services	2,198.1	1,759.4	1,358.2
Equipment maintenance	1,357.9	1,341.7	1,444.0
	6,202.3	5,978.2	5,980.8
Costs and expenses			
Cost of sales	1,611.0	1,568.7	1,563.8
Cost of services	2,030.4	1,374.0	1,018.6
Cost of equipment maintenance	965.7	872.7	820.4
Selling, general and administrative expenses	1,883.8	1,544.8	1,516.3
Research and development expenses	409.5	463.6	489.3
	6,900.4	5,823.8	5,408.4
Operating income (loss)	(698.1)	154.4	572.4
Interest expense	202.1	203.7	241.7
Other income, net	119.1	63.9	40.2
Income (loss) from continuing operations before income taxes	(781.1)	14.6	370.9
Estimated income taxes (benefit)	(153.8)	2.5	84.6
Income (loss) from continuing operations before extraordinary items and changes in accounting principles	(627.3)	12.1	286.3
Income from discontinued operations	2.7	96.1	75.3
Extraordinary items		(7.7)	(26.4)
Effect of changes in accounting principles			230.2
Net income (loss)	(624.6)	100.5	565.4
Dividends on preferred shares	120.3	120.1	121.6
Earnings (loss) on common shares	$ (744.9)	$ (19.6)	$ 443.8
Earnings (loss) per common share			
Primary			
Continuing operations	$ (4.37)	$ (.63)	$ 1.00
Discontinued operations	.02	.56	.46
Extraordinary items		(.04)	(.16)
Effect of changes in accounting principles			1.39
Total	$ (4.35)	$ (.11)	$ 2.69
Fully diluted			
Continuing operations	$ (4.37)	$ (.63)	$ 1.17
Discontinued operations	.02	.56	.31
Extraordinary items		(.04)	(.11)
Effect of changes in accounting principles			.94
Total	$ (4.35)	$ (.11)	$ 2.31

See notes to consolidated financial statements.

UNISYS CORPORATION

CONSOLIDATED BALANCE SHEET

	DECEMBER 31	
	1995	1994
	(MILLIONS)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$1,114.3	$ 868.4
Marketable securities	5.4	16.2
Accounts and notes receivable, net	996.3	945.1
Inventories	673.9	636.3
Deferred income taxes	329.8	310.5
Other current assets	98.9	98.3
Net assets of discontinued operations		526.5
Total	3,218.6	3,401.3
Long-term receivables, net	58.7	71.5
Properties and rental equipment	2,088.4	2,209.9
Less--Accumulated depreciation	1,397.0	1,479.9
Properties and rental equipment, net	691.4	730.0
Cost in excess of net assets acquired	1,014.6	998.0
Investments at equity	298.9	315.8
Deferred income taxes	682.6	583.2
Other assets	1,148.4	1,093.6
Total	$7,113.2	$7,193.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 12.1	$ 8.9
Current maturities of long-term debt	343.5	71.2
Accounts payable	940.6	917.6
Other accrued liabilities	1,677.4	1,123.6
Dividends payable	30.2	26.6
Estimated income taxes	143.5	237.7
Total	3,147.3	2,385.6
Long-term debt	1,533.3	1,864.1
Other liabilities	572.4	339.2
Stockholders' equity		
Preferred stock	1,570.3	1,570.3
Common stock, shares issued: 1995--172.3; 1994--171.8	1.7	1.7
Retained earnings (accumulated deficit)	(702.6)	45.7
Other capital	990.8	986.8
Stockholders' equity	1,860.2	2,604.5
Total	$7,113.2	$7,193.4

See notes to consolidated financial statements.

UNISYS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31		
	1995	1994	1993
	(MILLIONS)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) from continuing operations	$ (627.3)	$ 12.1	$ 490.1
Add (deduct) items to reconcile income (loss) from continuing operations to net cash provided by operating activities:			
Effects of extraordinary items and changes in accounting principles		(7.7)	(203.8)
Depreciation	203.0	226.2	252.0
Amortization:			
Marketable software	151.7	150.5	144.6
Cost in excess of net assets acquired	40.9	36.9	36.7
(Increase) decrease in deferred income taxes, net	(223.1)	(60.6)	223.7
(Increase) decrease in receivables, net	(66.9)	(16.5)	307.8
(Increase) decrease in inventories	(15.4)	(28.0)	74.9
Increase (decrease) in accounts payable and other accrued liabilities	565.6	186.3	(276.0)
(Decrease) in estimated income taxes	(63.9)	(12.2)	(164.9)
Increase (decrease) in other liabilities	215.5	(36.8)	(37.5)
(Increase) decrease in other assets	(132.7)	57.6	78.6
Other	50.3	21.3	27.2
Net cash provided by operating activities	97.7	529.1	953.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investments	3,311.9	1,792.7	1,821.2
Purchases of investments	(3,329.6)	(1,816.4)	(1,829.4)
Proceeds from marketable securities	14.4	197.9	146.5
Purchases of marketable securities		(97.2)	(187.2)
Proceeds from sales of properties	30.3	24.8	26.5
Investment in marketable software	(123.0)	(121.3)	(118.7)
Capital additions of properties and rental equipment	(195.0)	(208.2)	(173.5)
Purchases of businesses	(42.3)		
Net cash used for investing activities	(333.3)	(227.7)	(314.6)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments of debt	(68.2)	(140.1)	(394.4)
Net proceeds from (reduction in) short-term borrowings	3.1	2.9	(47.2)
Dividends paid on preferred shares	(120.2)	(228.0)	(183.7)
Other	2.8	3.7	7.1
Net cash used for financing activities	(182.5)	(361.5)	(618.2)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5.7	(9.1)	(37.3)
Net cash used for continuing operations	(412.4)	(69.2)	(16.7)
DISCONTINUED OPERATIONS			
Proceeds from sale	862.0		
Other	(203.7)	102.2	43.0
Net cash provided by discontinued operations	658.3	102.2	43.0
INCREASE IN CASH AND CASH EQUIVALENTS	245.9	33.0	26.3
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	868.4	835.4	809.1
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,114.3	$ 868.4	$ 835.4

See notes to consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of all wholly owned subsidiaries. Investments in companies representing ownership interests of 20% to 50% are accounted for by the equity method.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash equivalents

All short-term investments purchased with a maturity of three months or less are classified as cash equivalents.

Inventories

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

Properties, rental equipment and depreciation

Properties and rental equipment are carried at cost and are depreciated over the estimated lives of such assets using the straight-line method. Leasehold improvements are amortized over the shorter of the asset lives or the terms of the respective leases. The principal rates used are summarized below by classification of properties:

	RATE PER YEAR (%)
Buildings	2-5
Machinery and equipment	5-25
Tools and test equipment	10-33 1/3
Rental equipment	25

Revenue recognition

Sales revenue is generally recorded upon shipment of product in the case of sales contracts, upon shipment of the program in the case of software, and upon installation in the case of sales-type leases. Revenue from services and equipment maintenance is recorded as earned over the lives of the respective contracts.

Revenue under cost-type contracts is recognized when costs are incurred, and under systems integration and services contracts when services have been performed and accepted or milestones have been met. Cost of revenue under such contracts is charged based on current estimated total costs.

Accounting for large multi-year, fixed-price systems integration contracts involves considerable use of estimates in determining revenue, costs and profits. When estimates indicate a loss under a contract, cost of revenue is charged with a provision for such loss. Revisions in profit estimates are reflected in the period in which the facts which require the revision become known.

Income taxes

Income taxes are provided on taxable income at the statutory rates applicable to such income. Deferred taxes have not been provided on the cumulative undistributed earnings of foreign subsidiaries since such amounts are expected to be reinvested indefinitely.

Earnings per common share

In 1995 and 1994, the computation of both primary and fully diluted earnings per share was based on the weighted average number of outstanding common shares. The inclusion of additional shares assuming the exercise of stock options, conversion of Series A Cumulative Convertible Preferred Stock, or conversion of the 8 1/4% convertible subordinated notes due August 1, 2000 would have been antidilutive. In 1993, the computation of primary earnings per share was based on the weighted average number of outstanding common shares and additional shares assuming the exercise of stock options, and the computation of fully diluted earnings per share assumed the conversion of the 8 1/4% convertible subordinated notes due August 1, 2000. The computation of fully diluted earnings per share for 1993 further assumed conversion of Series A Cumulative Convertible Preferred Stock. The shares used in the computations for the three years ended December 31, 1995 were as follows (in thousands):

	1995	1994	1993
Primary	171,238	170,752	165,070
Fully diluted	171,238	170,752	246,550

Software capitalization

The cost of development of computer software to be sold or leased 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. Unamortized marketable software costs (which are included in other assets) at December 31, 1995 and 1994 were $238.9 and $265.3 million, respectively.

Cost in excess of net assets acquired

Cost in excess of net assets acquired principally represents the excess of cost over fair value of the net assets of Sperry Corporation and Convergent, Inc., which is being amortized on the straight-line method over 40 years and 12 years, respectively. Accumulated amortization at December 31, 1995 and 1994 was $571.6 and $530.7 million, respectively.

The carrying value of cost in excess of net assets acquired is reviewed for impairment whenever events or changes in circumstances indicate that it may not be recoverable. If such an event occurred, the Company would prepare projections of future results of operations for the remaining amortization period. If such projections indicated that the cost in excess of net assets acquired would not be recoverable, the Company's carrying value of such asset would be reduced by the estimated excess of such value over projected income.

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 a separate component of stockholders' equity. Exchange gains and losses on certain forward exchange contracts designated as hedges of international net investments and exchange gains and

losses on intercompany balances of a long-term investment nature are also reported in the separate component of stockholders' equity.

For those international subsidiaries operating in hyperinflationary economies, the U.S. dollar is the functional currency and, as such, non-monetary 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.

The Company also enters into forward exchange contracts and options that have been designated as hedges of certain transactional exposures. Gains and losses on these instruments are deferred and are recognized in income together with the transaction being hedged.

NOTE 2 SIGNIFICANT 1995 AND 1994 FOURTH QUARTER EVENTS

1995 restructuring charge

In the fourth quarter of 1995, the Company recorded a pretax charge of $717.6 million, $581.9 million after tax, or $3.39 per fully diluted common share. The charge included (a) $436.6 million for work force reductions of approximately 7,900 people including severance, notice pay, medical and other benefits, (b) $218.6 million for consolidation of office facilities and manufacturing capacity, and (c) $62.4 million associated with product and program discontinuances.

Cash expenditures related to the restructuring in 1996 and 1997 will approximate $400.0 million and $150.0 million, respectively. Personnel reductions in the U.S. will account for approximately 61% of the work force related accrual and such actions in Europe will represent 32% with the balance of 7% in Americas/Pacific business units. Actual costs incurred are charged to the accrued liability when the actions are taken.

1995 fourth quarter events

In the fourth quarter of 1995, the Company recorded a charge (in cost of services) for contract losses of $129.0 million ($88.6 million after tax), or $.51 per primary and fully diluted share, primarily related to a few large multi-year, fixed-price systems integration contracts. Included in the charge is $65.5 million, due to developments with respect to contract terminations.

1994 restructuring charge

In the fourth quarter of 1994, the Company recorded a pretax charge of $186.2 million, $133.1 million after tax, or $.78 per fully diluted common share. The charge was related to involuntary employee termination benefits including severance, notice pay, medical and other benefits for approximately 4,600 people and was taken to reduce the Company's cost structure.

Cash expenditures in 1994 and 1995 relating to this restructuring charge were $6.3 million for 825 terminations and $133.0 million for 3,565 terminations, respectively. Approximately $36.0 million is expected to be expended in 1996 for salary continuation payments and to terminate approximately 160 people.

Summary

The 1995 charges for restructuring and loss contracts and the 1994 restructuring charge were recorded in the following statement of income classifications:

	YEAR ENDED DECEMBER 31	
	1995	1994
	(MILLIONS)	
Cost of sales	$ 111.5	$ 30.3
Cost of services	294.4	17.5
Cost of equipment maintenance	92.8	61.8
Selling, general and administrative expenses	305.2	47.7
Research and development expenses	42.7	27.9
Other income, net		1.0
Total	$ 846.6	$ 186.2

NOTE 3 DISCONTINUED OPERATIONS

During the year ended December 31, 1995, the Company sold its defense business for cash of $862 million. The net results of the defense operations for all periods presented are reported separately in the Consolidated Statement of Income as "income from discontinued operations." Prior period financial statements have been restated to report the defense business as a discontinued operation.

The following is a summary of the results of operations of the Company's defense business:

	YEAR ENDED DECEMBER 31		
	1995	1994	1993
	(MILLIONS)		
Revenue	$258.1*	$1,421.5	$1,761.7
Income from operations (net of taxes: 1995, $6.5; 1994, $42.5; 1993, $57.2)	$ 12.5*	$ 96.1	$ 75.3
Loss on sale, net of taxes of $98.2	(9.8)		
Income from discontinued operations	$ 2.7	$ 96.1	$ 75.3

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* Reflects results for the period January 1 through March 31, 1995.

The net assets of discontinued operations were as follows:

	DECEMBER 31, 1994
	(MILLIONS)
Current assets	$ 266.7
Current liabilities	(123.8)
Property, plant and equipment, net	203.7
Cost in excess of net assets acquired	144.5
Other, net	35.4
Total	$ 526.5

NOTE 4 ACCOUNTING CHANGES AND EXTRAORDINARY ITEMS

In October 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 123, "Accounting for Stock-Based Compensation." SFAS 123, which is required to be adopted by January 1, 1996, establishes financial accounting and reporting standards for stock-based employee compensation plans, and establishes accounting standards for issuance of equity instruments to acquire goods and services from non-employees.

In March 1995, the FASB issued SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS 121, which is required to be adopted by January 1, 1996, establishes accounting standards for the impairment of long-lived assets, certain intangible assets and cost in excess of net assets related to those assets to be held and used and for long-lived assets and certain identifiable intangibles to be disposed of.

The Company does not expect that adoption of SFAS 121 and 123 will have a material effect on its consolidated financial position, consolidated statement of income, or liquidity.

In 1994, the Company recorded an extraordinary charge for the repurchases of debt of $7.7 million, net of $5.1 million of income tax benefits, or $.04 per fully diluted common share.

Effective January 1, 1993, the Company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS 109, "Accounting for Income Taxes." The adoption of SFAS 106 decreased net income $194.8 million, net of $124.5 million of income tax benefits, or $.79 per fully diluted common share, and the adoption of SFAS 109 increased net income by $425.0 million, or $1.73 per fully diluted common share. For further discussion of SFAS 106 and 109, see notes 15 and 7, respectively.

In 1993, the Company settled certain lawsuits in connection with its sale of the Sperry Aerospace Group in December 1986 to Honeywell, Inc. The Aerospace Group was part of Sperry Corporation, which was acquired by the Company in September 1986 in the largest acquisition at the time in the computer industry. The lawsuits alleged violations of securities laws and fraudulent and negligent misrepresentations of interim financial statements of the Sperry Aerospace Group as of and for the six months ended September 30, 1986 prepared in connection with the sale. The sale of the Aerospace Group as a non-strategic business was part of the financing strategy for the acquisition of Sperry Corporation and was carried out very shortly after the completion of this acquisition. The Aerospace Group operations were never reported in the financial results of the Company. The settlement of litigation arising out of the sale, therefore, was unrelated to the ordinary activities of the Company. Accordingly, the Company reported this litigation settlement as an extraordinary charge of $26.4 million, net of $16.8 million of income tax benefits, or $.11 per fully diluted common share.

NOTE 5 CURRENT AND LONG-TERM RECEIVABLES, NET

Current and long-term receivables, net comprise the following:

	DECEMBER 31	
	1995	1994
	(MILLIONS)	
Accounts receivable, net	$ 975.1	$ 907.1
Sales-type leases, net	50.7	83.9
Installment accounts, net	29.2	25.6
Total, net	1,055.0	1,016.6
Less--Current receivables, net	996.3	945.1
Long-term receivables, net	$ 58.7	$ 71.5

At December 31, 1995 and 1994, the Company had sold accounts receivable of $393.0 and $359.0 million, respectively. Recourse amounts associated with these sales are expected to be minimal. Adequate reserves are in place to cover potential losses. On an ongoing basis, the Company sells accounts receivable to Unisys Receivables, Inc., a wholly owned subsidiary, which then sells such receivables to a master trust. Amounts sold under this arrangement, which are included in the above accounts receivable sold, were $152.5 and $125.0 million at December 31, 1995 and 1994, respectively.

NOTE 6 INVENTORIES

Inventories comprise the following:

	DECEMBER 31	
	1995	1994
	(MILLIONS)	
Finished equipment and supplies	$358.6	$355.0
Work in process and raw materials	315.3	281.3
Total inventories	$673.9	$636.3

At December 31, 1995 and 1994, inventories included $120.0 and $94.2 million, respectively, of costs related to long-term contracts.

NOTE 7 ESTIMATED INCOME TAXES

	YEAR ENDED DECEMBER 31		
	1995	1994	1993
	(MILLIONS)		
Income (loss) from continuing operations before income taxes			
United States	$(482.7)	$(75.2)	$ 265.8
Foreign	(298.4)	89.8	105.1
Total income (loss) from continuing operations before income taxes	$(781.1)	$ 14.6	$ 370.9
Estimated income taxes (benefit)			
Current			
United States	$ (83.6)	$ (6.0)	$ (40.4)
Foreign	60.5	87.7	(55.2)
State and local	(5.7)	(18.6)	(17.8)
Total	(28.8)	63.1	(113.4)
Deferred			
United States	(140.4)	(32.8)	127.8
Foreign	15.4	(27.8)	57.2
State and local			13.0
Total	(125.0)	(60.6)	198.0
Total estimated income taxes (benefit)	$(153.8)	$ 2.5	$ 84.6

Reconciliation of estimated income taxes at United States statutory tax rate to estimated income taxes as reported follows:

	YEAR ENDED DECEMBER 31		
	1995	1994	1993
	(MILLIONS)		
United States statutory income tax (benefit)...	$ (273.4)	$ 5.1	$ 129.8
Difference in estimated income taxes on foreign earnings, losses and remittances.....	192.8	30.3	(17.2)
State taxes.....	(3.6)	(12.1)	(3.1)
Tax refund claims, audit issues, and other matters.....	(85.4)	(32.8)	(10.3)
Amortization of cost in excess of net assets acquired.....	12.6	12.6	12.6
Change in tax rates.....			(19.4)
Other.....	3.2	(.6)	(7.8)
Estimated income taxes (benefit).....	$ (153.8)	$ 2.5	$ 84.6

The Company adopted SFAS 109 effective January 1, 1993. Under the provisions of SFAS 109, deferred tax assets and liabilities are recognized using enacted tax rates and reflect the effect of "temporary differences" between the recorded amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities.

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities at December 31, 1995 and 1994 were as follows:

	DECEMBER 31	
	1995	1994
	(MILLIONS)	
Deferred tax assets:		
Tax loss carryforwards.....	$ 532.8	$ 470.7
Foreign tax credit carryforwards.....	316.8	287.4
Other tax credit carryforwards.....	77.8	81.2
Capitalized research and development.....	114.2	134.6
Depreciation.....	60.7	113.7
Postretirement benefits.....	85.3	101.6
Employee benefits.....	81.6	81.4
Restructuring.....	286.1	82.3
Other.....	331.0	255.2
	1,886.3	1,608.1
Valuation allowance.....	(498.5)	(326.8)
Total deferred tax assets.....	$1,387.8	$1,281.3
Deferred tax liabilities:		
Pensions.....	$ 317.5	$ 284.1
Other.....	112.1	163.9
Total deferred tax liabilities.....	$ 429.6	$ 448.0

SFAS 109 requires that deferred tax assets 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. During 1995, the net increase in the valuation allowance was $171.7 million.

Cumulative undistributed earnings of foreign subsidiaries, for which no U.S. income or foreign withholding taxes have been recorded, approximated $660 million at December 31, 1995. Such earnings are expected to be reinvested indefinitely. Determination of the amount of unrecognized deferred tax liability with respect to such earnings is not practicable. The additional taxes payable on the earnings of foreign subsidiaries, if remitted, would be substantially offset by U.S. tax credits for foreign taxes already paid. While 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 during 1995, 1994, and 1993 for income taxes was $132.2, $87.6, and $118.1 million, respectively.

At December 31, 1995, 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 $532.8 million. These carryforwards will expire as follows (in millions): 1996, $10.6; 1997, $12.2; 1998, $9.3; 1999, $16.5; 2000, $16.0; and $468.2 thereafter. The Company also has available tax credit carryforwards of approximately $394.6 million, which will expire as follows (in millions): 1996, $2.6; 1997, $2.1; 1998, $114.6; 1999, $132.0; 2000, $96.1; and $47.2 thereafter.

The Company's net deferred tax assets include substantial amounts of net operating loss and tax credit carryforwards. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. In recent years, the information management business has undergone dramatic changes and there can be no assurance that in the future there would not be increased competition or other factors which may result in a decline in sales or margins, loss of market share, or technological obsolescence.

In 1995, the Internal Revenue Service completed its audit of Sperry Corporation for the years ended March 31, 1985 and 1986 and for the short period ended September 16, 1986. The Company is currently contesting issues in connection with Sperry Corporation for the years ended March 31, 1978 through September 16, 1986. The audit of Convergent, Inc. is currently in the process of being finalized for the years 1985-1988. In management's opinion, adequate provisions for income taxes have been made for all years.

NOTE 8 PROPERTIES AND RENTAL EQUIPMENT

Properties and rental equipment comprise the following:

	DECEMBER 31	
	1995	1994
	(MILLIONS)	
Land	$ 26.8	$ 27.2
Buildings	239.8	248.7
Machinery and equipment	1,312.6	1,313.2
Tools and test equipment	159.8	204.3
Unamortized leasehold improvements	52.7	48.8
Construction in progress	29.9	28.6
Rental equipment	266.8	339.1
Total properties and rental equipment	$2,088.4	$2,209.9

NOTE 9 LONG-TERM DEBT

Long-term debt comprises:

	DECEMBER 31	
	1995	1994
	(MILLIONS)	
10 5/8% senior notes due 1999	$ 330.1	$ 330.1
8 1/4% convertible subordinated notes due 2000	345.0	345.0
9 3/4% senior notes due 1996	238.1	238.1
Credit sensitive notes due 1997	291.8	291.8
9 3/4% senior sinking fund debentures due 2016	190.0	190.0
9 1/2% notes due 1998	197.5	197.5
8 7/8% notes due 1997	135.0	135.0
Japanese yen, 5.52% due 1996	100.3	100.3
11 3/8% subordinated notes		50.0
6 3/4% bonds		17.1
Other	49.0	40.4
Total	1,876.8	1,935.3
Less--Current maturities	343.5	71.2
Total long-term debt	$1,533.3	$1,864.1

Total long-term debt maturities in 1996, 1997, 1998, 1999, and 2000 are $343.5, $431.8, $211.0, $343.7, and $360.7 million, respectively.

Cash paid during 1995, 1994 and 1993 for interest was $201.3, $208.9, and $256.7, million, respectively.

The Company has a $325 million revolving credit agreement with a syndicate of banks that expires on May 31, 1996. This agreement provides for short-term borrowings and up to $100 million of letters of credit. The terms of the agreement include a minimum net worth requirement, an interest coverage ratio, and a limitation on the payment of dividends, payment of debt and amount of outstanding debt. In September and December of 1995, the bank syndicate waived compliance with those covenants that were impacted by results of operations in the respective quarters. Borrowings under the facility are now subject to approval by the bank group. The Company has never utilized the facility and does not expect to do so.

The Company pays commitment fees on the unused amount of the revolving credit agreement; there are no compensating balance requirements. Revolving credit borrowings, at the Company's option, are at the agent bank's base rate or the London Interbank Offered Rate, plus a margin depending on the Company's debt rating on its outstanding senior unsecured long-term debt securities. Commissions for letters of credit also vary depending on such debt rating. In addition, international subsidiaries maintain short-term credit arrangements with banks in accordance with local customary practice.

NOTE 10 OTHER ACCRUED LIABILITIES

Other accrued liabilities comprise the following:

	DECEMBER 31	
	1995	1994
	(MILLIONS)	
Payrolls and commissions	$ 328.4	$ 287.5
Customers' deposit and prepayments	507.3	430.2
Taxes other than income taxes	172.4	157.5
Restructuring*	503.7	209.3
Other	165.6	39.1
Total other accrued liabilities	$1,677.4	$1,123.6

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* At December 31, 1995, an additional $230.6 million was reported in other liabilities on the consolidated balance sheet.

NOTE 11 LEASES

Rental expense, less income from subleases, for 1995, 1994, and 1993 was $195.8, $195.1, and $211.8 million, respectively.

Minimum net rental commitments under noncancelable operating leases outstanding at December 31, 1995, substantially all of which relate to real properties, were as follows: 1996, $170.2 million; 1997, $140.6 million; 1998, $116.1 million; 1999, $89.9 million; 2000, $71.8 million; and thereafter, $457.2 million. Such rental commitments have been reduced by minimum sublease rentals of $114.5 million due in the future under noncancelable subleases.

NOTE 12 LITIGATION

There are various lawsuits, claims, and proceedings that have been brought or asserted against the Company. Although the ultimate results of these lawsuits, claims, and proceedings are not presently determinable, management does not expect that these matters will have a material adverse effect on the Company's consolidated financial position, consolidated statement of income, or liquidity.

NOTE 13 FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign exchange rates and interest rates. The Company does not hold or issue financial instruments for speculative trading purposes. The derivative instruments used are foreign exchange forward contracts and options, and interest rate and foreign currency swap agreements. These derivatives, which are over-the-counter instruments, are non-leveraged and involve little complexity.

The Company monitors and controls its risks in the derivative transactions referred to above by periodically assessing the cost of replacing, at market rates, those contracts in the event of default by the counterparty. The Company believes such risk to be remote. In addition, before entering into derivative contracts, and periodically during the life of the contract, the Company reviews the counterparties' financial condition.

Due to its foreign operations, the Company is exposed to the effects of foreign exchange rate fluctuations on the U.S. dollar. Foreign exchange forward contracts and options generally having maturities of less than nine

months are entered into for the sole purpose of hedging long-term investments in foreign subsidiaries and certain transactional exposures.

The cost of foreign currency options is recorded in prepaid expenses in the consolidated balance sheet. At December 31, 1995, such prepaid expense was $6.1 million. When the U.S. dollar strengthens against foreign currencies, the decline in value of the underlying exposures is partially offset by gains in the value of purchased currency options designated as hedges. When the U.S. dollar weakens, the increase in the value of the underlying exposures is reduced only by the premium paid to purchase the options. The cost of options and any gains thereon are reported in income when the related transactions being hedged (generally within twelve months) are recognized.

The Company also enters into foreign exchange forward contracts. Gains and losses on such contracts, which hedge transactional exposures, are deferred and included in current liabilities until the corresponding transaction is recognized. At December 31, 1995, the Company had a total of $370.9 million (of notional value) of foreign exchange forward contracts, $176.1 million to sell foreign currencies and $194.8 million to buy foreign currencies. At December 31, 1994, the Company had a total of $1,483.7 million of such contracts, $811.2 million to sell foreign currencies and $672.5 million to buy foreign currencies. At December 31, 1995, a realized net gain of approximately $24.7 million was deferred and included in current liabilities on such contracts. Gains or losses on foreign exchange forward contracts that hedge foreign currency transactions are reported in income when the related transactions being hedged (generally within twelve months) are recognized. Gains or losses on those contracts that hedge long-term investments in foreign subsidiaries are reported in a separate component of stockholders' equity for translation adjustments.

The Company uses interest rate swap agreements to effectively convert variable rate obligations to a fixed-rate basis, and uses foreign currency swaps to effectively convert foreign currency denominated debt to U.S. dollar denominated debt in order to reduce the impact of interest rate and foreign currency rate changes on future income. The differential to be paid or received under these agreements is recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from counterparties is included in current liabilities or current receivables. At December 31, 1995, the weighted average fixed rate paid by the Company was 8.9%. The fair values of the swap agreements are not recognized in the financial statements. At December 31, 1995, the Company had one interest rate swap contract with a total notional value of $50.2 million which expires in 1996, and one foreign currency swap for $50.1 million expiring in 1996. During the three years ended December 31, 1995, there were no terminations of swap contracts. Accordingly, there were no deferred gains or losses related to such swaps as of December 31, 1995.

Financial instruments comprise the following:

	DECEMBER 31	
	1995	1994
	(MILLIONS)	
Outstanding:		
Long-term debt	$ 1,876.8	$ 1,935.3
Foreign exchange forward contracts*	370.9	1,483.7
Foreign exchange options*	256.8	373.9
Interest rate swaps*	50.2	63.8
Foreign currency swaps*	50.1	50.1
Estimated fair value:		
Long-term debt	1,715.8	1,935.6
Foreign exchange forward contracts	369.3	1,484.1
Foreign exchange options	3.8	4.8
Interest rate swaps	(1.0)	(.9)
Foreign currency swaps	18.6	22.1

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* notional value

Financial instruments also include temporary cash investments and customer accounts receivable. Temporary investments are placed with creditworthy financial institutions, primarily in over-securitized treasury repurchase agreements, Euro-time deposits or commercial paper of major corporations. The Company's cash equivalents are classified as available-for-sale and at December 31, 1995 principally have maturities of less than one month. Due to the short maturities of these instruments, they are carried on the balance sheet at cost plus accrued interest, which approximates market value. Realized gains or losses during 1995, as well as unrealized gains or losses at December 31, 1995, were immaterial. Receivables are due from a large number of customers which are dispersed worldwide across many industries. At December 31, 1995 and 1994, the company had no significant concentrations of credit risk.

For foreign currency contracts and options, no impact on financial position or results of operations would result from a change in the level of the underlying rate, price or index. All of the Company's foreign currency contracts and options are hedges against specific exposures and have been accounted for as such. Therefore, a change in the derivative's value would be offset with an equal but opposite change in the hedged item.

The carrying amount of cash, cash equivalents, and marketable securities approximates fair value because of the short maturity of these instruments. The fair value of the Company's long-term debt was based on the quoted market prices for publicly traded issues. For debt that is not publicly traded, the fair value was estimated based on current yields to maturity for the Company's publicly traded debt with similar maturities. In estimating the fair value of its derivative positions, the Company utilizes quoted market prices, if available, or quotes obtained from outside sources.

NOTE 14 BUSINESS SEGMENT INFORMATION

The Company operates primarily in one business segment--information management. This segment represents more than 90% of consolidated revenue, operating profit and identifiable assets. The Company's principal products and services include enterprise systems and servers, departmental servers and desktop systems, software, information services and systems integration, and equipment maintenance. These products and services are marketed throughout the world to commercial businesses and governments. The Company's worldwide operations are structured to achieve consolidated objectives. As a result, significant interdependencies and overlaps exist among the Company's operating units. Accordingly, the revenue, operating profit and identifiable

assets shown for each geographic area may not be indicative of the amounts which would have been reported if the operating units were independent of one another.

Sales and transfers between geographic areas are generally priced to recover cost plus an appropriate mark-up for profit. Operating profit is revenue less related costs and direct and allocated operating expenses, excluding interest and the unallocated portion of corporate expenses. Corporate assets are those assets maintained for general purposes, principally cash and cash equivalents, marketable securities, costs in excess of net assets acquired, prepaid pension assets, deferred taxes, investments at equity, net assets of discontinued operations and corporate facilities.

No single customer accounts for more than 10% of revenue. Revenue from various agencies of the U.S. Government approximated $530, $476, and $797 million in 1995, 1994, and 1993, respectively.

A summary of the Company's operations by geographic area is presented below:

	1995	1994	1993
		(MILLIONS)	
United States			
Customer revenue	$2,405.5	$2,389.1	$ 2,513.7
Affiliate revenue	721.6	695.6	944.1
Total	$3,127.1	$3,084.7	$ 3,457.8
Operating profit (loss)	$ (306.9)	$ 33.3	$ 352.2
Identifiable assets	1,368.5	1,247.8	1,378.6
Europe and Africa			
Customer revenue	$2,090.3	$1,935.4	$ 1,921.2
Affiliate revenue	28.8	47.2	107.5
Total	$2,119.1	$1,982.6	$ 2,028.7
Operating (loss)	$ (505.0)	$ (82.5)	$ (165.0)
Identifiable assets	827.8	758.2	702.4
Americas/Pacific			
Customer revenue	$1,706.5	$1,653.7	$ 1,545.9
Affiliate revenue	138.7	177.7	167.9
Total	$1,845.2	$1,831.4	$ 1,713.8
Operating profit	$ 408.0	$ 392.6	$ 465.9
Identifiable assets	496.1	628.1	578.9
Adjustments and eliminations			
Affiliate revenue	$ (889.1)	$ (920.5)	$(1,219.5)
Operating profit	21.5	18.4	17.1
Identifiable assets	(23.9)	(50.7)	(66.6)
Consolidated			
Revenue	$6,202.3	$5,978.2	$ 5,980.8
Operating profit (loss)	$ (382.4)	$ 361.8	$ 670.2
General corporate expenses	(196.6)	(143.5)	(57.6)
Interest expense	(202.1)	(203.7)	(241.7)
Income (loss) from continuing operations before income taxes	$ (781.1)	$ 14.6	$ 370.9
Identifiable assets	$2,668.5	$2,583.4	$ 2,593.3
Corporate assets	4,444.7	4,610.0	4,756.1
Total assets	$7,113.2	$7,193.4	$ 7,349.4

NOTE 15 EMPLOYEE PLANS

Retirement benefits

Defined benefit retirement income plans cover the majority of domestic employees and certain employees in countries outside the United States. In the United States, the Company has retirement plans under which funds are deposited with a trustee. Major subsidiaries outside the United States provide for employee pensions in accordance with local requirements and customary practices, and several maintain funded defined benefit plans.

For plans covered by the Employee Retirement Income Security Act ("ERISA"), the Company's funding policy is to fund in accordance with ERISA funding standards. The various benefit formulas and the funding methods used in the international plans are in accordance with local requirements. Plan assets generally are invested in common stocks, fixed-income securities, insurance contracts, and real estate. At December 31, 1995, the assets of the Company's U.S. pension plans included approximately 1.8 million shares of the Company's common stock valued at approximately $9.7 million.

Net curtailment gains of $14.9, $8.3, and $7.4 million have been recognized in 1995, 1994, and 1993, respectively.

Stock plans

Under plans approved by the stockholders, stock options, stock appreciation rights, restricted stock and performance units may be granted to officers and other key employees.

Options have been granted to purchase the Company's common stock at 100% of the fair market value at the date of grant. Options have a maximum duration of ten years and become exercisable in annual installments over a two, three or four year period following date of grant.

Other postretirement benefits

The Company provides certain health care benefits for U.S. employees who retired or terminated after qualifying for such benefits. Most international employees are covered by government-sponsored programs and the cost to the Company is not significant. The Company expects to fund its share of such benefit costs principally on a pay-as-you-go-basis.

The Company adopted SFAS 106 effective January 1, 1993. SFAS 106 required the Company to change from the cash basis of accounting for such benefits by requiring the accrual, during the years that the employee renders services, of the estimated cost of providing such benefits.

In 1992, the Company announced changes to its post-retirement benefit plans, effective January 1, 1993, whereby the Company's current subsidy would be phased out, ending as of January 1, 1996. Several lawsuits have been brought by plan participants challenging the announced changes to the plans, and the Company is defending them vigorously. In 1994, several of these lawsuits were resolved which resulted in the Company recognizing income of $13.8 million ($8.0 million amortization of prior service benefit and $5.8 million settlement).

Net periodic postretirement benefit cost for 1995, 1994 and 1993 includes the following components:

	YEAR ENDED DECEMBER 31		
	1995	1994	1993
	(MILLIONS)		
Service cost--benefits earned during the period..	$ .1	$ 1.0	$ 1.2
Interest cost on accumulated postretirement benefit obligation.....	17.6	22.1	26.1
Amortization of prior service benefit.....	(8.5)	(8.0)	
Net amortization and deferral.....	3.6	(2.5)	.5
Return on plan assets.....	(4.2)	.5	(3.3)
Net periodic postretirement benefit cost.....	$ 8.6	$ 13.1	$ 24.5

The status of the plan and amounts recognized in the Company's consolidated balance sheet at December 31, 1995 and 1994 were as follows:

	YEAR ENDED DECEMBER 31	
	1995	1994
	(MILLIONS)	
Actuarial present value of accumulated postretirement benefit obligation:		
Retirees.....	$ 223.4	$ 240.2
Fully eligible active plan participants.....		14.9
Other active plan participants.....		12.3
	223.4	267.4
Less plan assets at fair value.....	(27.3)	(26.5)
Accrued postretirement benefit liability in excess of plan assets.....	196.1	240.9
Unrecognized net loss.....	(8.3)	(27.9)
Unrecognized prior service benefit.....	30.9	39.2
Accrued postretirement benefit obligation recognized in the consolidated balance sheet....	$ 218.7	$ 252.2

As of December 31, 1995, the entire liability was classified as long-term.

The assumed rate of return on plan assets, which are principally invested in fixed-income securities, was 8% in 1995 and 1994, respectively, and the weighted average discount rate used to measure the accumulated postretirement benefit obligation was 7.5% at December 31, 1995 and 8.75% at December 31, 1994. The assumed health care cost trend rate used in measuring the expected cost of benefits covered by the plan was 9.5% for 1996, gradually declining to 6% in 2006 and thereafter. A one-percentage point increase in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligation at December 31, 1995 by $11.3 million and increase the aggregate of the service and interest cost components of net periodic postretirement health care benefit cost by $1.0 million.

Retirement benefits

The plans' funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 1995 and 1994 were as follows:

	ASSETS EXCEED ACCUMULATED BENEFITS				ACCUMULATED BENEFITS EXCEED ASSETS			
	U.S. PLANS		INT'L PLANS		U.S. PLANS		INT'L PLANS	
	1995	1994	1995	1994	1995	1994	1995	1994
	(MILLIONS)							
Actuarial present value of benefit obligations:								
Vested benefit obligation	$ 3,165.4	$ 2,702.4	$ 631.3	$ 519.7	$ 49.8	$ 40.5	$ 31.8	$ 44.9
Acumulated benefit obligation	$3,226.7	$ 2,773.2	$ 642.9	$ 536.0	$ 51.0	$ 42.1	$ 50.2	$ 67.6
Projected benefit obligation	$ 3,254.2	$ 2,798.3	$ 674.7	$ 603.8	$ 53.4	$ 45.1	$ 58.4	$ 75.7
Plan assets at fair value	3,390.8	2,961.1	784.1	652.8			27.0	42.5
Projected benefit obligation less than (in excess of) plan assets	136.6	162.8	109.4	49.0	(53.4)	(45.1)	(31.4)	(33.2)
Unrecognized net loss (gain)	580.0	507.6	(3.9)	37.9	12.4	4.2	.7	7.7
Unrecognized prior service (benefit) cost	(65.8)	(86.7)	4.2	4.7	2.2	2.2	1.2	2.0
Unrecognized net (asset) obligation at date of adoption	(.4)	(.4)	(4.3)	(1.8)	4.0	4.8	4.7	3.5
Prepaid pension cost (pension liability) recognized in the consolidated balance sheet	$ 650.4	$ 583.3	$ 105.4	$ 89.8	$ (34.8)	$ (33.9)	$ (24.8)	$ (20.0)

Net periodic pension cost for 1995, 1994, and 1993 includes the following components:

	U.S. PLANS			INTERNATIONAL PLANS		
	1995	1994	1993	1995	1994	1993
	(MILLIONS)					
Service cost--benefits earned during the period	$ 33.8	$ 44.1	$ 43.2	$ 22.9	$ 22.2	$ 18.4
Interest cost on projected benefit obligation	245.2	231.5	229.9	49.5	42.7	42.3
Return on assets	(684.1)	5.6	(343.1)	(85.6)	33.8	(116.1)
Net amortization and deferral	355.2	(293.7)	42.7	25.3	(86.8)	58.2
Net periodic pension (income) cost	$ (49.9)	$ (12.5)	$ (27.3)	$ 12.1	$ 11.9	$ 2.8

The assumptions used to determine the above data were as follows:

Discount rate	7.50%	8.75%	7.38%	7.23%	7.48%	6.93%
Rate of increase in compensation levels	5.40%	5.40%	5.13%	4.08%	4.43%	4.27%
Expected long-term rate of return on assets	10.00%	10.00%	10.00%	8.37%	8.40%	9.15%

STOCK PLANS

A summary of the changes in shares under option for all plans follows:

	YEAR ENDED DECEMBER 31			
	1995		1994	
	SHARES	PRICE RANGE	SHARES	PRICE RANGE
	(SHARES IN THOUSANDS)			
Outstanding at beginning of year	17,473.5	$3 3/4-44 1/2	15,402.2	$3 3/4-44 1/2
Granted	4,331.5	$5 5/8-11 1/4	4,499.2	$8 5/8-14 3/8
Exercised	(471.3)	$ 3 3/4-9 7/8	(654.0)	$3 3/4-14 7/8
Canceled	(3,904.7)		(1,773.9)	
Outstanding at end of year	17,429.0	$4 1/8-44 1/2	17,473.5	$3 3/4-44 1/2
Exercisable at end of year	9,996.7		9,619.9	
Shares available for granting options at end of year	4,480.2		2,104.5	

NOTE 16 STOCKHOLDERS' EQUITY

Changes in stockholders' equity during the three years ended December 31, 1995 were as follows:

	PREFERRED STOCK					OTHER CAPITAL		
	SERIES A	SERIES B	SERIES C	COMMON STOCK	RETAINED EARNINGS (ACCUMULATED DEFICIT)	TREASURY STOCK	TRANSLATION ADJUSTMENTS	PRINCIPALLY PAID-IN CAPITAL
	(MILLIONS)							
Balance at December 31, 1992	$ 1,428.0	$ 50.0	$ 100.0	$ 1.6	$ (228.0)	$ (13.6)	$ (337.5)	$ 1,243.6
Issuance of stock under stock option and other plans						(1.7)		7.1
Contribution to pension plan				.1				89.2
Net income					565.4			
Dividends					(177.6)			
Translation adjustments							(23.3)	
Other	(7.8)							
Balance at December 31, 1993	1,420.2	50.0	100.0	1.7	159.8	(15.3)	(360.8)	1,339.9
Issuance of stock under stock option and other plans						(.7)		3.6
Net income					100.5			
Dividends					(214.6)			
Translation adjustments							20.0	
Other	.1							.1
Balance at December 31, 1994	1,420.3	50.0	100.0	1.7	45.7	(16.0)	(340.8)	1,343.6
Issuance of stock under stock option and other plans						(.3)		2.7
Net income (loss)					(624.6)			
Dividends					(123.7)			
Translation adjustments							1.6	
Balance at December 31, 1995	$ 1,420.3	$ 50.0	$ 100.0	$ 1.7	$ (702.6)	$ (16.3)	$ (339.2)	$ 1,346.3

The Company has 360,000,000 authorized shares of common stock, par value $.01 per share. The Company has 40,000,000 shares of authorized preferred stock, par value $1 per share, issuable in series.

In 1993, the Company contributed seven million shares of its common stock, valued at $89.2 million, to its U.S. pension plan.

The Company has authorization to issue up to 30,000,000 shares of Series A Cumulative Convertible Preferred Stock ("Series A Preferred Stock"), 10 shares of Series B Cumulative Convertible Preferred Stock ("Series B Preferred Stock") and 20 shares of Series C Cumulative Convertible Preferred Stock ("Series C Preferred Stock").

Each share of Series A Preferred Stock (i) accrues quarterly cumulative dividends of $3.75 per share per annum, (ii) has a liquidation preference of $50.00 plus accrued and unpaid dividends, (iii) is convertible into 1.67 shares of the Company's common stock, subject to customary anti-dilution adjustments, and (iv) is redeemable at the option of the Company under certain circumstances and at varying prices. If, on the date used to determine stockholders of record for a meeting of stockholders at which directors are to be elected, preferred stock dividends are in arrears in an amount equal to at least six quarterly dividends, the number of members of the Board of Directors will be increased by two as of the date of such stockholders' meeting and the holders of shares of Series A Preferred Stock will be entitled to vote for and elect such two additional directors.

Mitsui & Co., Ltd. ("Mitsui") owns $150 million of convertible preferred stock, which includes 10 shares of Series B Preferred Stock and 20 shares of Series C Preferred Stock. The Series B Preferred Stock and the Series C Preferred Stock are convertible at the option of the holder into the Company's common stock at conversion prices of $20.00 and $21.00 per share, respectively, subject to customary anti-dilution adjustments. Both Series B Preferred Stock and Series C Preferred Stock (i) have a stated value of $5 million per share, (ii) accrue quarterly cumulative dividends based on such stated value at 8 7/8% per annum until June 28, 1995 and 9 1/2% per annum from June 28, 1995 to June 28, 1997, (iii) accrue dividends on the amount of any unpaid dividends, (iv) are redeemable at the option of the Company at a premium that is determined by reference to interest rates then in effect and the amount of time then remaining to June 28, 1997, and (v) are entitled to receive upon liquidation the stated value plus accrued and unpaid dividends. In the event that the Series B Preferred Stock and Series C Preferred Stock have not been previously redeemed by the Company or converted by the holder, the Company will be required to convert both series into the Company's common stock based on the then-current market price after June 28, 1996 (or after June 28, 1995 if so requested by Mitsui, the original holder of the Series B Preferred Stock and Series C Preferred Stock), or earlier under certain extraordinary circumstances, and conduct a managed sale program of the common stock. Such conversions and sales must, in general, be completed by June 28, 1997. To the extent that the proceeds received by Mitsui from such managed sale program are less than the stated value of the shares so converted, plus accrued and unpaid dividends and a present valued premium amount if such conversion takes place before June 28, 1997, the Company has agreed to issue additional shares of capital stock to Mitsui which will be sold in a manner approved by the Company until Mitsui receives proceeds equal to the sum of such amounts. Shares of Series B Preferred Stock and Series C Preferred Stock rank pari passu with each other and with Series A Preferred Stock, and the holders of Series A, B and C Preferred Stock have priority as to dividends over holders of the Company's common stock and other series or classes of the Company's stock that rank junior with regard to dividends. Each series of Cumulative Convertible Preferred Stock is non-voting except with respect to certain matters relating to the rights and preferences of such series. With respect to such matters, each of the Series B Preferred Stock and Series C Preferred Stock votes separately as a class. The Series A Preferred Stock also votes as a class on these matters, but its class includes the Series B Preferred Stock and Series C Preferred Stock, as well as any other series of preferred stock having equal rank as to dividends and liquidation rights.

Each outstanding share of common stock has attached to it one preferred share purchase right. Each right entitles the registered holder to purchase for $75, under certain circumstances, one three-hundredth of a share of Junior Participating Preferred Stock, par value $1 per share. The rights become exercisable only if a person or group acquires 20% or more of the Company's common stock, or announces a tender or exchange offer for 30% or more of the common stock. If the Company is acquired (or survives in a reverse merger transaction) or 50% or more of its consolidated assets or earning power are sold, each right will entitle its holder to purchase a number of the acquiring company's common shares (or the Company's common shares) having a market value of $150. The Company will be entitled to redeem the rights at one and two-thirds cents per right prior to the earlier of the expiration of the rights, or the time that a 20% position has been acquired. Until the rights become exercisable, they have no dilutive effect on net income per common share.

At December 31, 1995, 113.5 million shares of unissued common stock of the Company were reserved for the following: 57.2 million for convertible preferred stock, 33.7 million for the 8 1/4% convertible subordinated debentures and 22.6 million for stock options and stock purchase plans.

Changes in issued shares during the three years ended December 31, 1995 were as follows:

	PREFERRED STOCK				
	SERIES A	SERIES B	SERIES C	COMMON STOCK	TREASURY STOCK
Balance at December 31, 1992	28,559,598	10	20	162,604,036	(672,555)
Issuance of stock under stock option and other plans				1,566,568	(133,628)
Contribution to pension plan				7,000,000	
Other	(155,159)			423	
Balance at December 31, 1993	28,404,439	10	20	171,171,027	(806,183)
Issuance of stock under stock option and other plans				654,024	(58,861)
Other	747			2,298	
Balance at December 31, 1994	28,405,186	10	20	171,827,349	(865,044)
Issuance of stock under stock option and other plans				488,726	(27,965)
Other	(37)			60	
Balance at December 31, 1995	28,405,149	10	20	172,316,135	(893,009)

UNISYS CORPORATION

SUPPLEMENTAL FINANCIAL DATA (UNAUDITED)

QUARTERLY FINANCIAL INFORMATION

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR
	(MILLIONS, EXCEPT PER SHARE DATA)				
1995					
Revenue	$1,407.1	$1,495.8	$1,460.7	$1,838.7	$6,202.3
Gross profit	494.4	533.8	447.2	119.8	1,595.2
Income (loss) from continuing operations before income taxes	48.4	60.6	(48.8)	(841.3)	(781.1)
Income (loss) from continuing operations	32.1	39.8	(32.2)	(667.0)	(627.3)
Income (loss) from discontinued operations	12.5			(9.8)	2.7
Net income (loss)	44.6	39.8	(32.2)	(676.8)	(624.6)
Dividends on preferred shares	29.9	30.0	30.2	30.2	120.3
Earnings (loss) on common shares	14.7	9.8	(62.4)	(707.0)	(744.9)
Earnings (loss) per common share--primary and fully diluted					
Continuing operations	.02	.06	(.36)	(4.06)	(4.37)
Discontinued operations	.07			(.06)	.02
Total	.09	.06	(.36)	(4.12)	(4.35)
Market price per common share--high	10 1/8	11 3/4	11	8 5/8	11 3/4
--low	8 1/2	9 1/8	7 5/8	5 1/2	5 1/2
1994					
Revenue	$1,305.8	$1,441.5	$1,481.9	$1,749.0	$5,978.2
Gross profit	513.2	548.1	549.3	552.2	2,162.8
Income (loss) from continuing operations before income taxes	47.6	31.0	43.0	(107.0)	14.6
Income (loss) from continuing operations before extraordinary item	34.6	22.7	30.8	(76.0)	12.1
Income from discontinued operations	33.1	27.2	12.1	23.7	96.1
Net income (loss)	60.0	49.9	42.9	(52.3)	100.5
Dividends on preferred shares	30.1	30.0	30.0	30.0	120.1
Earnings (loss) on common shares	29.9	19.9	12.9	(82.3)	(19.6)
Earnings (loss) per common share--primary					
Continuing operations	.02	(.04)	.01	(.62)	(.63)
Discontinued operations	.19	.16	.07	.14	.56
Extraordinary item	(.04)				(.04)
Total	.17	.12	.08	(.48)	(.11)
Earnings (loss) per common share--fully diluted					
Continuing operations	.05	(.01)	.02	(.62)	(.63)
Discontinued operations	.16	.13	.06	.14	.56
Extraordinary item	(.04)				(.04)
Total	.17	.12	.08	(.48)	(.11)
Market price per common share--high	16 1/2	15 1/4	11 1/4	12 1/8	16 1/2
--low	12 1/2	8 5/8	8 5/8	8 1/4	8 1/4

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In the fourth quarter of 1995, the Company recorded charges of $846.6 million, or $3.90 per fully diluted common share, and in the fourth quarter of 1994, the Company recorded a restructuring charge of $186.2 million, or $.78 per fully diluted common share. See Note 2 of the Notes to Consolidated Financial Statements.

The individual quarterly per common share amounts may not total to the per common share amount for the full year because of accounting rules governing the computation of earnings per common share.

Market prices per common share are as quoted on the New York Stock Exchange composite listing.

UNISYS CORPORATION

SUPPLEMENTAL FINANCIAL DATA (UNAUDITED)--(CONTINUED)

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

	1995(1)	1994(1)	1993	1992	1991(1)
	(MILLIONS, EXCEPT PER SHARE DATA)				
RESULTS OF OPERATIONS					
Revenue	$6,202.3	$5,978.2	$5,980.8	$6,600.9	$6,791.1
Operating income (loss)	(698.1)	154.4	572.4	573.5	(732.0)
Income (loss) from continuing operations before income taxes	(781.1)	14.6	370.9	301.3	(1,425.6)
Income (loss) from continuing operations before extraordinary items and changes in accounting principles	(627.3)	12.1	286.3	166.3	(1,520.2)
Net income (loss)	(624.6)	100.5	565.4	361.2	(1,393.3)
Dividends on preferred shares	120.3	120.1	121.6	122.1	121.2
Earnings (loss) on common shares	(744.9)	(19.6)	443.8	239.1	(1,514.5)
Earnings (loss) from continuing operations per common share					
Primary	(4.37)	(.63)	1.00	.27	(10.16)
Fully diluted	(4.37)	(.63)	1.17	.33	(10.16)
FINANCIAL POSITION					
Working capital	$ 71.3	$1,015.7	$ 681.0	$ 513.3	$ 384.3
Total assets	7,113.2	7,193.4	7,349.4	7,322.1	8,218.7
Long-term debt	1,533.3	1,864.1	2,025.0	2,172.8	2,694.6
Common stockholders' equity(2)	289.9	1,034.2	1,057.3	541.8	342.1
Common stockholders' equity per share	1.69	6.05	6.21	3.35	2.12
OTHER DATA					
Engineering, research and development	$ 409.5	$ 463.6	$ 489.3	$ 505.6	$ 610.6
Capital additions of properties and rental equipment	195.0	208.2	173.5	227.0	222.7
Investment in marketable software	123.0	121.3	118.7	110.2	167.7
Depreciation	203.0	226.2	252.0	311.4	412.1
Amortization					
Marketable software	151.7	150.5	144.6	131.8	241.0
Cost in excess of net assets acquired	40.9	36.9	36.7	36.8	246.6
Common shares outstanding (millions)	171.4	171.0	170.4	161.9	161.7
Stockholders of record (thousands)	41.5	45.3	47.8	51.7	54.6
Employees (thousands)	37.4	37.8	38.2	41.7	46.4

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(1) Includes special pretax charges of $846.6 million, $186.2 million and $1,200.0 million for the years ended December 31, 1995, 1994, and 1991, respectively.

(2) After deduction of cumulative preferred dividends in arrears.

UNISYS CORPORATION

SUPPLEMENTAL FINANCIAL DATA (UNAUDITED)--(CONTINUED)

REVENUE BY SIMILAR CLASSES OF PRODUCTS AND SERVICES

	YEAR ENDED DECEMBER 31					
	1995		1994		1993	
	(MILLIONS)					
Enterprise systems and servers	$1,118.4	18%	$1,415.3	24%	$1,648.4	28%
Departmental servers and desktop systems	795.3	13	749.6	12	750.3	12
Software	732.6	12	712.2	12	779.9	13
Total sales	2,646.3	43	2,877.1	48	3,178.6	53
Information services and systems integration	2,198.1	35	1,759.4	30	1,358.2	23
Equipment maintenance	1,357.9	22	1,341.7	22	1,444.0	24
Total	$6,202.3	100%	$5,978.2	100%	$5,980.8	100%

Enterprise systems and servers comprise a complete line of small to large processors and related communications and peripheral products, such as printers, storage devices, and document handling processors and equipment. Departmental servers and desktop systems include UNIX servers, workstations, personal computers, and terminals. Software consists of application and systems software. Information services and systems integration includes systems integration, outsourcing services, application development, information planning, and education. Equipment maintenance results from charges for preventive maintenance, spare parts, and other repair activities.

Individual products have been assigned to a specific class based on a variety of factors. Over time, reclassification of products may be necessary because of changing technology, company strategy, and market conditions. Such evolution from year to year must be kept in mind when using this table for trend analysis.

NO DEALER, SALES PERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE EXCHANGE OFFER COVERED BY THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, THE NOTES IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

TABLE OF CONTENTS

$425,000,000

UNISYS CORPORATION

OFFER TO EXCHANGE ITS12% SENIOR NOTES DUE 2003, SERIES B, WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT FOR ALL OF ITS OUTSTANDING 12% SENIOR NOTES DUE 2003, SERIES A

PROSPECTUS

, 1996

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law (the "DGCL") provides for, among other things:

a. permissive indemnification for expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by designated persons, including directors and officers of a corporation, in the event such persons are parties to litigation other than stockholder derivative actions if certain conditions are met;

b. permissive indemnification for expenses actually and reasonably incurred by designated persons, including directors and officers of a corporation, in the event such persons are parties to stockholder derivative actions if certain conditions are met;

c. mandatory indemnification for expenses actually and reasonably incurred by designated persons, including directors and officers of a corporation, in the event such persons are successful on the merits or otherwise in litigation covered by a. and b. above; and

d. that the indemnification provided for by Section 145 shall not be deemed exclusive of any other rights which may be provided under any by-law, agreement, stockholder or disinterested director vote, or otherwise.

The Company's Certificate of Incorporation provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for paying a dividend or approving a stock repurchase in violation of Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit.

The Certificate of Incorporation also provides that each person who was or is made a party to, or is involved in, any action, suit or proceeding by reason of the fact that he or she is or was a director or officer of the Company (or was serving at the request of the Company as a director, officer, employee or agent for another entity) shall be indemnified and held harmless by the Company, to the fullest extent authorized by the DGCL, as in effect (or, to the extent indemnification is broadened, as it may be amended) against all expense, liability or loss reasonably incurred by such person in connection therewith. The Certificate of Incorporation further provides that such rights to indemnification are contract rights and shall include the right to be paid by the Company the expenses incurred in defending the proceedings specified above, in advance of their final disposition, provided that, if the DGCL so requires, such payment shall only be made upon delivery to the Company by the indemnified party of an undertaking to repay all amounts so advanced if it shall ultimately be determined that the person receiving such payment is not entitled to be indemnified. Persons so indemnified may bring suit against the Company to recover unpaid amounts claimed thereunder, and if such suit is successful, the expense of bringing such suit shall be reimbursed by the Company. The Certificate of Incorporation provides that the right to indemnification and to the advance payment of expenses shall not be exclusive of any other right which any person may have or acquire under any statute, provision of the Company's Certificate of Incorporation or By-Laws, or otherwise. By resolution effective September 16, 1986, the Board of Directors extended the right to indemnification provided directors and officers by the Certificate of Incorporation to employees of the Company. The Certificate of Incorporation also provides that the Company may maintain insurance, at its expense, to protect itself and any of its directors, officers, employees or agents against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the DGCL.

On April 28, 1988, at the Company's 1988 Annual Meeting of Stockholders, the stockholders authorized the Company to enter into indemnification agreements ("Indemnification Agreements") with its directors, and

such Indemnification Agreements have been executed with each of the directors of the Company. The Indemnification Agreements provide that the Company shall, except in certain situations specified below, indemnify a director against any expense, liability or loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) incurred by the director in connection with any actual or threatened action, suit or proceeding (including derivative suits) in which the director may be involved as a party or otherwise, by reason of the fact that the director is or was serving in one or more capacities as a director or officer of the Company or, at the request of the Company, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise.

The Indemnification Agreements require indemnification except to the extent (i) payment for any liability is made under an insurance policy provided by the Company, (ii) indemnification is provided by the Company under the Certificate of Incorporation or By-Laws, the DGCL or otherwise than pursuant to the Indemnification Agreement, (iii) the liability is based upon or attributable to the director gaining any personal pecuniary profit to which such director is not legally entitled or is determined to result from the director's knowingly fraudulent, dishonest or willful misconduct, (iv) the liability arises out of the violation of certain provisions of the Securities Exchange Act of 1934 or (v) indemnification has been determined not to be permitted by applicable law.

The Indemnification Agreements further provide that, in the event of a Potential Change in Control (as defined therein), the Company shall cause to be maintained any then existing policies of directors' and officers' liability insurance for a period of six years from the date of a Change in Control (as defined therein) with coverage at least comparable to and in the same amounts as that provided by such policies in effect immediately prior to such Potential Change in Control. In the event of a Potential Change in Control, the Indemnification Agreements also provide for the establishment by the Company of a trust (the "Trust"), for the benefit of each director, upon the written request by the director. The Trust shall be funded by the Company in amounts sufficient to satisfy any and all liabilities reasonably anticipated at the time of such request, as agreed upon by the director and the Company.

The Indemnification Agreements also provide that no legal actions may be brought by or on behalf of the Company, or any affiliate of the Company, against a director after the expiration of two years from the date of accrual of such cause of action, and that any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two year period.

The directors and officers of the Company are insured against certain civil liabilities, including liabilities under federal securities laws, which might be incurred by them in such capacity.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) See Index to Exhibits.

(b) Schedule II--Valuation and Qualifying Accounts (Incorporated by reference to Schedule II filed as part of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995).

ITEM 22. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Securities Act"), unless the information required to be included in such post-effective amendment is contained in a periodic report filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and incorporated herein by reference;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represents a fundamental change in the information set forth in the Registration Statement, unless the information required to be included in such post-effective amendment is contained in a periodic report filed by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act and incorporated herein by reference;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

(4) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(5) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request; and

(6) To supply by means of a post-effective amendment all information concerning the Exchange Offer that was not the subject of and included in the Registration Statement when it became effective.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 20 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE TOWNSHIP OF WHITPAIN, COMMONWEALTH OF PENNSYLVANIA, ON APRIL 9, 1996.

UNISYS CORPORATION

By: /s/ James A. Unruh
JAMES A. UNRUH CHAIRMAN OF THE BOARD ANDCHIEF EXECUTIVE OFFICER

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes Harold S. Barron, Edward A. Blechschmidt and James A. Unruh, and each of them, with full power of substitution and full power to act without the other, his or her true and lawful attorney-in-fact and agent in his or her name, place and stead, to execute in the name and on behalf of such person, individually and in each capacity stated below, any and all amendments (including post-effective amendments) to this Registration Statement and all documents relating thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, and generally to do all such things in his or her name and on his or her behalf in his or her respective capacities as officers or directors of Unisys Corporation to comply with the provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated below.

SIGNATURE	TITLE	DATE
/s/ James A. Unruh JAMES A. UNRUH	Chairman of the Board and Chief Executive Officer (principal executive officer) and Director	March 29, 1996
/s/ Edward A. Blechschmidt EDWARD A. BLECHSCHMIDT	Senior Vice President, Chief Financial Officer and Controller (principal financial officer; principal accounting officer)	April 1, 1996
/s/ J.P. Bolduc J.P. BOLDUC	Director	March 27, 1996

SIGNATURE	TITLE	DATE
/s/ James J. Duderstadt JAMES J. DUDERSTADT	Director	March 26, 1996
/s/ Gail D. Fosler GAIL D. FOSLER	Director	April 1, 1996
/s/ Melvin R. Goodes MELVIN R. GOODES	Director	March 26, 1996
/s/ Edwin A. Huston EDWIN A. HUSTON	Director	March 27, 1996
/s/ Kenneth A. Macke KENNETH A. MACKE	Director	April 1, 1996
/s/ Theodore E. Martin THEODORE E. MARTIN	Director	March 26, 1996
/s/ Robert McClements, Jr. ROBERT MCCLEMENTS, JR.	Director	April 1, 1996
/s/ Alan E. Schwartz ALAN E. SCHWARTZ	Director	April 1, 1996

EXHIBIT INDEX

EXHIBIT NUMBER	DOCUMENT DESCRIPTION
4.1	Indenture dated as of March 29, 1996 between Unisys Corporation and Bank of Montreal Trust Company
4.2	Form of 12% Senior Note due 2003 (included in Exhibit 4.1)
5	Opinion of Harold S. Barron, Senior Vice President, General Counsel and Secretary of Unisys Corporation
12	Statement of Computation of Ratio of Earnings to Fixed Charges (incorporated by reference to Exhibit 12 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995)
23.1	Consent of Ernst & Young LLP (independent auditors)
23.2	Consent of Harold S. Barron (included in Exhibit 5)
24	Power of Attorney (included on pages II-4 and II-5 of this Registration Statement)
25	Statement of Eligibility on Form T-1 of Bank of Montreal Trust Company
99.1	A/B Exchange and Registration Rights Agreement by and between Unisys Corporation, Bear, Stearns & Co. Inc. and Merrill Lynch & Co. dated as of March 29, 1996
99.2	Form of Letter of Transmittal*
99.3	Form of Notice of Guaranteed Delivery*

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* To be filed by amendment

UNISYS CORPORATION

12% SENIOR NOTES DUE 2003

INDENTURE

Dated as of March 29, 1996

BANK OF MONTREAL TRUST COMPANY

Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310 (a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.3, 7.10
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	2.5
(b)	10.3
(c)	10.3
313 (a)	7.6
(b)(1)	N.A.
(b)(2)	7.6, 7.7
(c)	7.6, 10.2
(d)	7.6
314 (a)	4.3,4.4(a), 10.5
(b)	N.A.
(c)(1)	10.4
(c)(2)	10.4
(c)(3)	N.A.
(d)	N.A.
(e)	10.5
(f)	N.A.
315 (a)	7.1(b)
(b)	7.5
(c)	7.1(a)
(d)	7.1(c)
(e)	6.11
316 (a)(last sentence)	2.9
(a)(1)(A)	6.5
(a)(1)(B)	6.4
(a)(2)	N.A.
(b)	6.7

*This Cross-Reference Table is not part of the Indenture.

N.A. means not applicable.

This INDENTURE, dated as of March 29, 1996, is by and between Unisys Corporation, a Delaware corporation (the "Company"), and Bank of Montreal Trust Company, a New York banking corporation (the "Trustee").

The parties hereto agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 12% Senior Notes due 2003, Series A (the "Series A Notes") and the 12% Senior Notes due 2003, Series B (the "Series B Notes" and, together with the Series A Notes, the "Notes").

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.1. Definitions.

"Acquired Indebtedness" means Indebtedness of a Person (i) existing at the time such Person becomes a Consolidated Subsidiary or (ii) assumed in connection with the acquisition of assets of such Person.

"Affiliate" of any specified Person means any other Person who directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Affiliated Corporation" means any corporation which is controlled by the Company but which is not a Subsidiary of the Company pursuant to the definition of the term "Subsidiary."

"Agent" means any Registrar or Paying Agent.

"Applicable Law," except as the context may otherwise require, means all applicable laws, rules, regulations, ordinances, judgments, decrees, injunctions, writs and orders of any court, arbitrator or governmental or congressional agency or authority and rules, regulations, orders, licenses and permits of any United States federal, state, municipal, regional, or other governmental body, instrumentality, agency or authority.

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Redeemable Stock, the quotient obtained by dividing (i) the sum of the products of (x) the numbers of years from the date of determination to the

dates of each successive scheduled principal payment or mandatory redemption amount of such Indebtedness or Redeemable Stocks, as the case may be, multiplied by (y) the amount of such principal payment or mandatory redemption amount by (ii) the sum of all such principal payments or mandatory redemption amounts, as the case may be.

"Bank Credit Agreement" means the Credit Agreement dated as of December 11, 1992, as amended, among the Company, certain banks, and Morgan Guaranty Trust Company of New York and National Westminister Bank PLC, as agents.

"Bankruptcy Law" means Title 11, U.S. Code or any similar foreign or U.S. federal or state law for the relief of debtors.

"Board of Directors" means the Board of Directors of the Company, or any authorized committee of the Board of Directors.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification.

"Business Day" means any day other than a Legal Holiday.

"Calculation Date" shall have the meaning specified in the definition of "Change in Control."

"Cash Equivalent" means (i) any security, maturing not more than six months after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (ii) any certificate of deposit, time deposit, money market account or bankers' acceptance, maturing not more than six months after the date of acquisition, issued by any commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than $500,000,000 whose debt has a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's Investors Service, Inc. or any successor rating agency, or "A-1" (or higher) according to Standard and Poor's Rating Group or any successor rating agency, (iii) commercial paper, maturing not more than three months after the date of acquisition, issued by any corporation (other than an Affiliate of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of "P-1" (or higher) according to Moody's Investors Service, Inc. or any successor rating agency, or "A-1" (or higher) according to Standard and Poor's Rating Group or any successor rating agency and

(iv) money market funds in compliance with rule 2a-7 under the Investment Company Act of 1940, as amended.

"Change In Control" means an event or series of events as a result of which (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of shares entitling the holder thereof to cast more than 50% of the votes for the election of directors of the Company; (ii) the Company consolidates with or merges into any other corporation, or conveys, transfers or leases all or substantially all of its assets to any person, or any other corporation merges into the Company, and, in the case of any such transaction, the outstanding Common Stock of the Company is changed or exchanged as a result; (iii) at any time Continuing Directors do not constitute a majority of the Board of Directors; or (iv) on any day (a "Calculation Date") the Company makes any distribution or distributions of cash, property or securities (other than regular quarterly dividends, Common Stock, preferred stock which is substantially equivalent to Common Stock or rights to acquire Common Stock or preferred stock which is substantially equivalent to Common Stock) to holders of Common Stock, or the Company or any of its Consolidated Subsidiaries purchases or otherwise acquires Common Stock, and the sum of the fair market value of such distribution or purchase on the Calculation Date, plus the fair market value, when made, of all other such distributions and purchases which have occurred during the twelve-month period ending on the Calculation Date, in each case expressed as a percentage of the aggregate fair market value of all of the shares of Common Stock of the Company outstanding at the close of business on the last day prior to the date of declaration of each such distribution or the date of purchase, exceeds 50%.

"Closing Date" means the date of consummation of the offering and initial sale of the Series A Notes.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commission" means the Securities and Exchange Commission, and any successor thereto.

"Common Stock" means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company and which is not subject to redemption by the Company.

"Company Notice" shall have the meaning specified in Section 4.8.

"Consolidated Interest Coverage Ratio" means for any period the ratio of (i) the sum of Consolidated Net Income, Consolidated Interest Expense and Consolidated Tax Expense, plus, without duplication, all depreciation and all amortization, in each case, for such period, of the Company and its Consolidated Subsidiaries on a consolidated basis, all as determined in accordance with GAAP, to (ii) Consolidated Interest Expense for such period; provided, that in making such computation, the Consolidated Interest Expense attributable to interest on any indebtedness computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period.

"Consolidated Interest Expense" means for any period the sum of (1) the aggregate of the interest expense on Indebtedness of the Company and its Consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP, plus (ii) without duplication, that portion of capital lease obligations of the Company and its Consolidated Subsidiaries representative of the interest factor for such period, determined on a consolidated basis in accordance with GAAP, plus (iii) without duplication, dividends in respect of preferred or preference stock of a Consolidated Subsidiary of the Company held by Persons other than the Company or a Consolidated Subsidiary of the Company. For purposes of clause (iii) of the preceding sentence, dividends shall be deemed to be an amount equal to the actual dividends paid divided by 1.00 minus the applicable actual combined federal, state, local and foreign income tax rate of the Company (expressed as a decimal), on a consolidated basis, for the fiscal year immediately preceding the date of the transaction giving rise to the need to calculate Consolidated Interest Expense.

"Consolidated Net Income" means for any period the net income or loss of the Company and its Consolidated Subsidiaries for such period on a consolidated basis as determined in accordance with GAAP adjusted by excluding the after-tax effect of (i) net gains or losses in respect of dispositions of assets other than in the ordinary course of business, (ii) any gains or losses from currency exchange transactions not in the ordinary course of business consistent with past practice, (iii) any gains or losses attributable to write-ups or write-downs of assets or liabilities other than in the ordinary course of business, (iv) any special or extraordinary charges attributable to restructuring transactions other than in the ordinary course of business, (v) any income or loss of persons acquired in a "pooling of interest" transaction prior to the date of combination and (vi) the cumulative effect of a change in accounting principles from the date of this Indenture; provided that, if the consolidated financial statements of the Company and its Consolidated Subsidiaries for such period give effect to Statement 106 of the Financial Accounting Standards Board ("FASB 106"), Consolidated Net Income for such period shall be (a) increased by any expenses (net of any income tax benefits attributable to such expenses) for post-retirement benefits other than pensions ("Post-Retirement Benefits") to the extent that such expenses are deducted from net income in accordance with FASB

106 and (b) shall be decreased by the aggregate amount of cash payments for Post-Retirement Benefits during such period (net of any income tax benefits attributable to such cash payments on a pro forma basis calculated in the same manner as the income tax benefits referred to in clause (a)).

"Consolidated Stockholders' Equity" means the total stockholders' equity of the Company and its Consolidated Subsidiaries which, under GAAP, would appear on a consolidated balance sheet of the Company and its subsidiaries, excluding the separate component of stockholders' equity attributable to foreign currency translation adjustments pursuant to Statement of Financial Accounting Standards No. 52 - "Foreign Currency Translation" or any successor provision of GAAP.

"Consolidated Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of the capital stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

"Consolidated Tax Expense" means for any period the aggregate of the federal, state, local and foreign income tax expenses of the Company and its Consolidated Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

"Continuing Director" means at any date a member of the Board of Directors who (i) was a member of such Board of Directors 24 months prior to such date or (ii) was nominated or elected by at least two-thirds of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board of Directors was recommended or endorsed by at least two-thirds of the directors who were Continuing Directors at the time of such election.

"Convertible Debt" means Indebtedness of the Company that, by its terms, is convertible in its entirety into Common Stock of the Company.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 10.2 hereof or such other address as to which the Trustee may give notice to the Company.

"Covenant Defeasance" shall have the meaning specified in Section 8.3 hereof.

"Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

"Default" means any event or condition that with the passage of time or the giving of notice or both would be an Event of Default.

"Definitive Notes" shall have the meaning specified in Section 2.1(a).

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.3 hereof as the Depositary with respect to the Notes, until a successor shall have been appointed and become such pursuant to the applicable provision of this Indenture, and, thereafter, "Depositary" shall mean or include such successor.

"DTC" shall have the meaning specified in Section 2.1 hereof.

"Event of Default" shall have the meaning specified in Section 6.1 hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Exchange Notes" means the Series B Notes to be issued by the Company upon the expiration of the Exchange Offer pursuant to the terms of the Registration Rights Agreement, containing terms identical in all material respects to the Series A Notes (except that (i) the transfer restrictions thereon shall be eliminated (other than as may be imposed by state securities laws) and (ii) there will be no provision for the payment of Liquidated Damages).

"Exchange Offer" means the offer by the Company to the Holders of the opportunity to exchange their Series A Notes for Exchange Notes pursuant to a registration statement filed with the Commission, subject to the terms of the Registration Rights Agreement.

"Existing Redeemable Stock" shall have the meaning specified in Section 4.6.

"Finance Subsidiary" means a corporation of the type described in clause (ii) of the definition of "Subsidiary."

"Foreign Subsidiary" means a corporation of the type described in clause (i) of the definition of "Subsidiary."

"Funded Debt" means any indebtedness for money borrowed, created, issued, incurred, assumed or guaranteed which would, in accordance with generally accepted accounting practice, be classified as long-term debt, but in any event including all indebtedness for money borrowed, whether secured or unsecured,

maturing more than one year, or extendible at the option of the obligor to a date more than one year, after the date of determination thereof (excluding any amount thereof included in current liabilities).

"GAAP" means generally accepted accounting principles in the United States as in effect (unless otherwise stated) as of the date of this Indenture, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"Global Note" shall have the meaning specified in Section 2.1(a).

"guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by standby letter of credit or otherwise) or (ii) entered into for the purpose of assuring in any other manner the holder of such Indebtedness of the payment thereof or to protect such holder against loss in respect thereof (in whole or in part); provided that the term guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Holder" means a Person in whose name a Note is registered on the Registrar's books.

"Indebtedness" means (i) any liability of any Person (a) for borrowed money, or (b) evidenced by a bond, note, debenture or similar instrument (including purchase money obligations but excluding Trade Payables), or (c) for the payment of money relating to a lease that is required to be classified as a capitalized lease obligation in accordance with GAAP, or (d) for preferred or preference stock of a Consolidated Subsidiary of the Company held by Persons other than the Company or any Consolidated Subsidiary of the Company; (ii) any liability of others described in the preceding clause (i) that the Person has guaranteed, that is recourse to such Person or that is otherwise its legal liability; and (iii) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (i) and (ii) above.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Intercompany Obligations" means any Indebtedness or any other obligation of the Company or any Consolidated Subsidiary of the Company which, in the case of the Company, is owing to any Consolidated Subsidiary of the Company and which, in the case of any Consolidated Subsidiary of the Company, is owing to the Company or any other Consolidated Subsidiary of the Company.

"Interest Payment Date" means each of April 15 and October 15.

"Legal Defeasance" shall have the meaning specified in Section 8.2 hereof.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the Company's principal place of business, the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"Liquidated Damages" means all liquidated damages then owing pursuant to Section 5 of the Registration Rights Agreement.

"Note Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Offering" means the offering of the Notes by the Company.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Assistant Secretary, or any Vice President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company by two Officers of the Company, one of whom must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, that meets the requirements of Section 10.5 hereof.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 10.5 hereof. The counsel may be counsel to the Company, any Consolidated Subsidiary of the Company or the Trustee.

"Paying Agent" shall have the meaning specified in Section 2.3 hereof.

"Permitted Indebtedness" means (i) Indebtedness of the Company or any Consolidated Subsidiary of the Company outstanding on the date of this Indenture; (ii) Indebtedness of the Company and its Consolidated Subsidiaries at any time outstanding not in excess of $500 million in the aggregate; (iii) Indebtedness of the Company and its Consolidated Subsidiaries at any time outstanding not in excess of $1 billion in the aggregate under the Bank Credit Agreement (and any refinancings or replacements thereof or additions thereto) and Indebtedness of Foreign Subsidiaries at any time outstanding not in excess of $250 million in the aggregate under bank loan facilities; (iv) Indebtedness of Finance Subsidiaries so long as such Indebtedness is non-recourse to, not guaranteed by and is not otherwise the legal liability of the Company or any other Consolidated Subsidiary; (v) Intercompany Obligations; and (vi) any renewals, extensions, substitutions, refundings, refinancings or replacements of any Indebtedness described in clause (i) above ("Refinancing Indebtedness"); provided that (a) the aggregate principal amount of the Refinancing Indebtedness shall not exceed the sum of (1) the aggregate principal amount and accrued interest of the Indebtedness to be refinanced (or if such Indebtedness was issued at an original issue discount, the original issue discount price plus amortization of the original issue discount at the time of the incurrence of the Refinancing Indebtedness) and (2) the reasonable fees and expenses directly incurred in connection with such Refinancing Indebtedness, (b) such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, (c) Refinancing Indebtedness incurred by any Consolidated Subsidiary shall not be used to refinance Indebtedness of the Company and (d) such Refinancing Indebtedness determined as of the date of incurrence does not mature prior to the final scheduled maturity date of the Notes and the Average Life of such Refinancing Indebtedness is equal to or greater than the remaining Average Life of the Notes; provided that this clause (d) shall apply only if the final scheduled maturity date of the Indebtedness being refinanced is later than the final scheduled maturity date of the Notes. Notwithstanding clauses (ii) and (iii) above, up to $250 million of the amounts set forth in such clauses may be subtracted from such amounts and applied to increase any other amount set forth in either of such clauses.

"Person" means an individual, partnership, corporation, unincorporated organization, trust, association or joint venture, or a governmental agency or subdivision thereof or other entity.

"Principal Manufacturing Property" means any manufacturing property located within the United States of America (other than its territories or possessions) owned by the Company or any Subsidiary, except for any manufacturing property that, in the opinion of the Board of Directors, is not of material importance to the business conducted by the Company and its Subsidiaries, taken as a whole.

"Put Price" means 101% of the principal amount of the Notes to be repurchased on the Repurchase Date in accordance with Section 4.8, plus accrued and unpaid interest to the Repurchase Date.

"Put Right" means the unconditional right of any holder of Indebtedness of the Company to require the Company to pay such Indebtedness prior to its stated maturity on the date or dates specified at the time of the incurrence of such Indebtedness or the right of any holder of Indebtedness of the Company to require the Company to pay such Indebtedness prior to its stated maturity upon the occurrence of a Change in Control or similar event.

"Redeemable Stock" means any class or series of preferred or preference stock of the Company with a stated maturity which is prior to the stated maturity of the Notes or that by its terms or otherwise is required to be redeemed or retired, in whole or in part, prior to the stated maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to the stated maturity of the Notes. The stated maturity of any class or series of preferred or preference stock of the Company that is mandatorily convertible into, or exchangeable for, another class or series of capital stock of the Company shall be the stated maturity of such class or series of capital stock.

"Refinancing Indebtedness" shall have the meaning specified in the definition of "Permitted Indebtedness."

"Registrar" shall have the meaning specified in Section 2.3 hereof.

"Registration Rights Agreement" means the Exchange and Registration Rights Agreement, dated as of the date hereof, by and among the Company and the other parties thereto, as such agreement may be amended, modified or supplemented from time to time.

"Related Person" means (i) any Affiliate of the Company, (ii) any Person who directly or indirectly holds 10% or more of any class of capital stock of the Company, (iii) with respect to any such natural Person, any other Person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin and (iv) any officer or director of the Company; provided, however, "Related Person" shall not include the Unisys Employees Savings Thrift Trust, or any successor thereof.

"Repurchase Date" shall have the meaning specified in Section 4.8.

"Repurchase Right" shall have the meaning specified in Section 4.8.

"Responsible Officer," when used with respect to the Trustee, means any officer within the Corporate Trust Department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Payments" shall have the meaning specified in Section 4.6 hereof.

"Rule 144A" shall have the meaning specified in Section 2.6 hereof.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"SEC" means the Securities and Exchange Commission.

"Subsidiary" means any corporation of which at least a majority of the outstanding stock having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency, is at the time, directly or indirectly, owned or controlled by the Company or by one or more Subsidiaries thereof, or by the Company and one or more Subsidiaries, provided, however, that such term shall not include any corporation controlled by the Company (herein referred to as an "Affiliated Corporation") which:

(i) does not transact any substantial portion of its business or regularly maintain any substantial portion of its operating assets within the continental limits of the United States;

(ii) is principally engaged in the business of financing (including, without limitation, the purchase, holding, sale or discounting of or lending upon any notes, contracts, leases or other forms of obligations) the sale or lease of merchandise, equipment or services (a) by the Company, (b) by a Subsidiary (whether such sales or leases have been made before or after the date when such corporation became a Subsidiary), (c) by another Affiliated Corporation or (d) by any corporation prior to the time when substantially all its assets have heretofore been or shall hereafter have been acquired by the Company;

(iii) is principally engaged in the business of owning, leasing, dealing in or developing real property; or

(iv) is principally engaged in the holding of stock in, and/or the financing of operations of, an Affiliated Corporation.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. (S)(S)77aaa-77bbbb) and the rules and regulations thereunder, as in effect on the date on which this Indenture is qualified under the TIA (except as provided in Section 9.1(e) hereof).

"Trade Payables" means accounts payable or any other indebtedness or monetary obligations to trade creditors created or assumed in the ordinary course of business in connection with the obtaining of materials or services.

"Transfer Restricted Securities" means securities that bear or are required to bear the legend set forth in Section 2.6 hereof.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian, with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt; provided, however, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

"V Loan Debt" means (i) all debt incurred by the Company or a Subsidiary for money loaned to it under or pursuant to any procedure established by or pursuant to Regulation V issued by the Board of Governors of the Federal Reserve System on September 27, 1950, and any amendments thereof or any other regulation, administrative order or law substituted therefor or having substantially the same purpose and (ii) all debt represented by notes issued by the Company or a Subsidiary if each of the following conditions shall be met: (a) such notes are issued to any bank or banks or other financing institution or institutions or to the United

States Government or any department or agency thereof; and (b) such notes mature by their terms not more than 12 months from the respective dates of issue (but may be subject to refunding or to payment by new borrowing), and are issued principally for the purpose of providing funds, or reimbursing the Company or such Subsidiary for funds used, for (1) the acquisition, production, processing or carrying of any inventories required by the Company or a Subsidiary in order to enable it to perform any one or more orders or contracts (which term includes subcontracts) for or with respect to any product, material or supplies for war or defense purposes to be manufactured, produced or sold by the Company or a Subsidiary, directly or indirectly, to or for the United States Government or any department or agency thereof, or which is to be a part of or used in connection with any product, material or supplies to be sold or delivered to such Government, department or agency, directly or indirectly, or (2) the carrying of receivables arising from the performance of any of such orders or contracts, or (3) the carrying of claims with respect to any of such orders or contracts which may be terminated; and (c) the principal amount of such notes which may be issued from time to time by the Company or a Subsidiary, together with any other such notes, including all debt described in clause (i) above, at the time outstanding, shall not exceed 90% of the excess of the aggregate amount of its inventories, receivables and claims of the character above referred to over the then outstanding advances and partial and progress payments received by the Company or a Subsidiary which are applicable to such inventories, receivables and claims.

"Wholly Owned Consolidated Subsidiary" means, with respect to any Person, a Consolidated Subsidiary the voting stock (excluding directors' qualifying shares) of which is more than 90% owned, directly or indirectly, by such Person.

"Wholly Owned Subsidiary" means a Subsidiary of which all of the outstanding voting stock (other than directors' qualifying shares) is at the time, directly or indirectly, owned by the Company and/or by one or more Wholly Owned Subsidiaries.

Section 1.2. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the indenture securities means the Company and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

Section 1.3. Rules of Construction.

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) "or" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) provisions apply to successive events and transactions;

(f) references to sections of or rules under the Exchange Act or the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time; and

(g) "herein," "hereof" and other words of similar import refer to this Indenture as a whole (as amended or supplemented from time to time) and not to any particular Article, Section or other subdivision.

ARTICLE 2
THE NOTES

Section 2.1. Form and Dating.

(a) General Form of Notes. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto, which Exhibit is part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be in minimum denominations of $1,000 and integral multiples thereof. The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the text and schedule called for by footnotes 1 and 3 thereto) (the "Global Notes"). Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (excluding the text and schedule called for by footnotes 1 and 3 thereto) (the "Definitive Notes"). Global Notes or Definitive Notes issued as Exchange Notes will not include the legend called for by footnote 2 of Exhibit A.

(b) Form of Global Notes. Notes offered and sold in reliance on Rule 144A will initially be issued only in the form of one or more Global Notes. Each Global Note (i) shall represent such portion of the outstanding Notes as shall be specified therein, (ii) shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions, (iii) shall be registered in the name of the Depositary or its nominee, (iv) shall be delivered by the Trustee or its Agent to the Depositary or a Note Custodian pursuant to the Depositary's instructions and (v) shall bear a legend substantially to the following effect:

> "Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is required by an authorized representative of DTC (and any payment hereon is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein."

Members of, or participants in, the Depositary ("DTC Participants") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary, and the Depositary may be treated by the Company, the Trustee, and any agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished to the Depositary or impair, as between the Depositary and its agent members, the operation of customary practices governing the exercise of the rights of a beneficial owner of any Note.

Any endorsement of a Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof or the Depositary as required by Section 2.6 hereof.

(c) Form of Definitive Notes. Notes offered and sold in reliance on any other exemption from registration under the Securities Act other than Rule 144A will initially be issued in the form of Definitive Notes. Subject to the provisions of Section 2.6, any Person having a beneficial interest in the Global Note may exchange such beneficial interest, upon request to the Trustee, for Definitive Notes in registered form. The Definitive Notes may be produced in any manner determined by the Officers of the Company executing such Notes, as evidenced by their execution of such Notes. The Registrar must register Definitive Notes so issued in the name of, and cause the same to be delivered to, such Person or (or its nominee).

(d) Provisions Applicable to Forms of Notes. The Notes may also have such additional provisions, omissions, variations or substitutions as are not inconsistent with the provisions of this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with this Indenture, any Applicable Law or with any rules made pursuant thereto or with the rules of any securities exchange or governmental agency or as may be determined consistently herewith by the Officers of the Company executing such Notes, as conclusively evidenced by their execution of such Notes. All Notes shall be otherwise substantially identical except as provided herein.

Section 2.2. Execution and Authentication.

The Notes shall be signed on behalf of the Company by its chief executive officer, principal financial officer or any vice president and attested by its

secretary, or any assistant secretary, in each case by manual or facsimile signature. The Company's seal may be reproduced on the Notes and may be in facsimile form.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid or obligatory for any purpose or entitled to the benefits of the Indenture until authenticated by the manual signature of the Trustee or its authenticating agent. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall, upon the delivery to the Trustee of a written order of the Company signed by two Officers, from time to time, authenticate Notes for original issue up to an aggregate principal amount of $425,000,000. The aggregate principal amount of Notes outstanding at any time may not exceed such amount except as provided in Section 2.7 hereof.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

Section 2.3. Registrar and Paying Agent.

The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may also from time to time appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar upon notice to the Holders. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act, subject to the last paragraph of this Section 2.3, as such. The Company or any of its Consolidated Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints DTC to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

The Trustee may resign as Paying Agent upon prior written notice to the Company.

Section 2.4. Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or Liquidated Damages, if any, or interest on the Notes, and shall notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment of all such money over to the Trustee, the Paying Agent (if other than the Company or a Consolidated Subsidiary) shall have no further liability for the money. If the Company or a Consolidated Subsidiary acts as Paying Agent it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

Section 2.5. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable to it the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may require of the names and addresses of the Holders of Notes and, after the consummation of the Exchange Offer, the Company shall otherwise strictly comply with TIA (S)312(a).

Section 2.6. Transfer and Exchange.

(a) Transfer and Exchange of Definitive Notes. If Definitive Notes are presented by a Holder to the Registrar with a request:

(x) to register the transfer of the Definitive Notes; or

(y) to exchange such Definitive Notes for an equal principal amount of Definitive Notes of other authorized denominations,

the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met; provided, however, that the Definitive Notes presented or surrendered for register of transfer or exchange:

(i) shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by such Holder's attorney, duly authorized in writing; and

(ii) in the case of a Definitive Note that is a Transfer Restricted Security, such request shall be accompanied by the following additional information and documents, as applicable, upon which the Registrar may conclusively rely:

(A) if such Transfer Restricted Security is being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification to that effect from such Holder (in substantially the form of Exhibit B hereto), or

(B) if such Transfer Restricted Security is being transferred to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act ("Rule 144A")) in accordance with Rule 144A or pursuant to an exemption from registration in accordance with Rule 144 or Rule 904 under the Securities Act or pursuant to an effective registration statement under the Securities Act, a certification to that effect from such Holder (in substantially the form of Exhibit B hereto); or

(C) if such Transfer Restricted Security is being transferred in reliance on another exemption from the registration requirements of the Securities Act, a certification to that effect from such Holder (in substantially the form of Exhibit B hereto) and an opinion of counsel to such Holder or the transferee reasonably acceptable to the Company and to the Registrar to the effect that such transfer is in compliance with the Securities Act; or

(D) if such Transfer Restricted Security is being transferred to an "institutional accredited investor" (as defined in Section 2.6(g) hereof), a certification to that effect from such Holder (in substantially the form of Exhibit B hereto), a

certification from such transferee containing certain representations and agreements relating to the restrictions on transfer of such Transfer Restricted Security (the form of which can be obtained from the Trustee) and an opinion of counsel to such Holder or transferee acceptable to the Company and to the Registrar to the effect that such transfer is in compliance with the Securities Act.

(b) Restrictions on Transfer of a Definitive Note for a Beneficial Interest in a Global Note. A Definitive Note may not be exchanged for a beneficial interest in a Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Note, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

(i) if such Definitive Note is a Transfer Restricted Security, a certification from the Holder thereof (in substantially the form of Exhibit B hereto), upon which the Trustee may conclusively rely, to the effect that such beneficial interest is being transferred to a "qualified institutional buyer" (as defined in Rule 144A) in accordance with Rule 144A or pursuant to an exemption from registration in accordance with Rule 144 or Rule 904 under the Securities Act; and

(ii) whether or not such Definitive Note is a Transfer Restricted Security, written instructions from the Holder thereof directing the Trustee to make, or to direct the Note Custodian to make, an endorsement on the Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note,

the Trustee shall cancel such Definitive Note in accordance with Section 2.11 hereof and cause, or direct the Note Custodian to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Note Custodian, the aggregate principal amount of Notes represented by the Global Note to be increased accordingly. If no Global Notes are then outstanding, the Company shall issue and the Trustee shall authenticate a new Global Note in the appropriate principal amount.

(c) Transfer and Exchange of Global Notes. The transfer and exchange of Global Notes or beneficial interests therein shall be effected through the Depositary, in accordance with this Indenture and the procedures of the Depositary therefor, which shall include restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act.

(d) Transfer and Exchange of a Beneficial Interest in a Global Note for a Definitive Note.

(i) Any Person having a beneficial interest in a Global Note may, upon request, exchange such beneficial interest for a Definitive Note. Upon receipt by the Trustee of written instructions or such other form of instructions as is customary for the Depositary, from the Depositary or its nominee on behalf of any Person having a beneficial interest in a Global Note, and, in the case of a Transfer Restricted Security, the following additional information and documents (all of which may be submitted by facsimile), upon which the Trustee may conclusively rely:

(A) if such beneficial interest is being transferred to the Person designated by the Depositary as being the beneficial owner, a certification to that effect from such Person (in substantially the form of Exhibit B hereto); or

(B) if such beneficial interest is being transferred to a "qualified institutional buyer" (as defined in Rule 144A) in accordance with Rule 144A or pursuant to an exemption from registration in accordance with Rule 144 or Rule 904 under the Securities Act or pursuant to an effective registration statement under the Securities Act, a certification to that effect from the transferor (in substantially the form of Exhibit B hereto); or

(C) if such beneficial interest is being transferred in reliance on another exemption from the registration requirements of the Securities Act, a certification to that effect from the transferor (in substantially the form of Exhibit B hereto) and an opinion of counsel to the transferee or transferor reasonably acceptable to the Company and to the Registrar to the effect that such transfer is in compliance with the Securities Act; or

(D) if such beneficial interest is being transferred to an "institutional accredited investor" (as defined in Section 2.6(g) hereof), a certification to that effect from the transferor (in substantially the form of Exhibit B hereto), a certification from such transferee containing certain representations and agreements relating to the restrictions on transfer of such Transfer Restricted Security (the form

of which can be obtained from the Trustee) and an opinion of counsel to the transferor or transferee acceptable to the Company and to the Registrar to the effect that such transfer is in compliance with the Securities Act.

the Trustee or the Note Custodian, at the direction of the Trustee, shall, in accordance with the standing instructions and procedures existing between the Depositary and the Note Custodian, cause the aggregate principal amount of Global Notes to be reduced accordingly and, following such reduction, the Company shall execute and the Trustee shall authenticate and deliver to the transferee a Definitive Note in the appropriate principal amount.

(ii) Definitive Notes issued in exchange for a beneficial interest in a Global Note pursuant to this Section 2.6(d) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered.

(e) Restrictions on Transfer and Exchange of Global Notes.

Notwithstanding any other provision of this Indenture (other than the provisions set forth in subsection (f) of this Section 2.6), a Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(f) Authentication of Definitive Notes in Absence of Depositary. If

at any time:

(i) the Depositary for the Notes notifies the Company that the Depositary is unwilling or unable to continue as Depositary for the Global Notes, or if at any time such Depositary ceases to be a "clearing agency" registered under the Exchange Act, and a successor Depositary for the Global Notes is not appointed by the Company within 90 days after delivery of such notice; or

(ii) the Company, at its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of Definitive Notes under this Indenture in exchange for all or any part of the Notes represented by a Global Note or Global Notes,

the Depositary or the Note Custodian shall surrender such Global Note to the Trustee, and the Company shall execute, and the Trustee shall authenticate and deliver in exchange for such Global Notes, Definitive Notes in an aggregate principal amount equal to the principal amount of such Global Notes. Such Definitive Notes shall be registered in such names as the Depositary shall direct in writing.

(g) Legends.

(i) Except as permitted by the following paragraphs (ii), and (iii), each Note certificate evidencing Global Notes and Definitive Notes (and all Notes issued in exchange therefor or substitution thereof) shall bear legends in substantially the following form:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSON EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) WHO IS AN INSTITUTION (AN "INSTITUTIONAL ACCREDITED INVESTOR"), (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE WHICH IS THREE YEARS AFTER THE LATER OF THE DATE OF ORIGINAL ISSUANCE OF THIS NOTE AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (THE "RESALE RESTRICTION TERMINATION DATE") RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE, EXCEPT (A) TO THE ISSUER, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH THE RESALE PROVISIONS OF RULE 144A UNDER THE SECURITIES ACT, (C) TO AN INSTITUTIONAL ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A WRITTEN CERTIFICATION CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS NOTE (THE

FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE), (D) PURSUANT TO THE RESALE LIMITATIONS PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (BASED UPON AN OPINION OF COUNSEL) IF THE ISSUER SO REQUESTS) SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH ACCOUNT BE AT ALL TIMES WITHIN ITS CONTROL AND TO COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IF THE PROPOSED TRANSFEREE IS AN INSTITUTIONAL ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE FOREGOING RESTRICTIONS ON RESALE WILL NOT APPLY SUBSEQUENT TO THE RESALE RESTRICTION TERMINATION DATE.

(ii) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Note) pursuant to Rule 144 under the Securities Act or pursuant to an effective registration statement under the Securities Act:

(A) in the case of any Transfer Restricted Security that is a Definitive Note, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a Definitive Note that does not bear the legend set forth in (i) above and rescind any restriction on the transfer of such Transfer Restricted Security, and

(B) in the case of any Transfer Restricted Security represented by a Global Note, such Transfer Restricted Security shall not be required to bear the legend set forth in (i) above if all other interests in such Global Note have been or are concurrently being sold or transferred pursuant to Rule 144 under the Securities Act or pursuant to an effective registration statement under the Securities Act, but shall continue to be subject to the provisions of Section 2.6(c) hereof, provided, however, that with respect to any request for an exchange of a Transfer Restricted Security that is represented by a Global Note for a Definitive Note that does not bear the legend set forth in (i) above, which request is made in reliance upon Rule 144, the Holder thereof shall certify in writing to the Registrar that such request is being made pursuant to Rule 144 (such certification to be substantially in the form of Exhibit B hereto).

(iii) Notwithstanding the foregoing, upon consummation of the Exchange Offer, the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.2 hereof, the Trustee shall authenticate Series B Notes in exchange for Series A Notes accepted for exchange in the Exchange Offer, which Series B Notes shall not bear the legend set forth in (i) above, and the Registrar shall rescind any restriction on the transfer of such Notes, in each case unless the Holder of such Series A Notes is either (A) a broker-dealer, (B) a Person participating in the distribution of the Series A Notes or (C) a Person who is an affiliate (as defined in Rule 144) of the Company.

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in Global Notes have been exchanged for Definitive Notes, redeemed, repurchased or canceled, all Global Notes shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Definitive Notes, redeemed, repurchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee or the Notes Custodian, at the direction of the Trustee, to reflect such reduction.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Definitive Notes and Global Notes at the Registrar's request.

(ii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.6, 3.7, 4.8 and 9.5 hereto).

(iii) All Definitive Notes and Global Notes issued upon any registration of transfer or exchange of Definitive Notes or Global Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Definitive Notes or Global Notes surrendered upon such registration of transfer or exchange.

(iv) Neither the Registrar nor the Company shall be required:

(A) to issue, to register the transfer of or to exchange Notes during a period beginning at the opening of business 15 Business Days before the day of any selection of Notes for redemption under Section 3.2 hereof and ending at the close of business on the day of selection; or

(B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(v) The Trustee shall authenticate Definitive Notes and Global Notes in accordance with the provisions of Section 2.2 hereof.

(j) Certain Transfers in Connection with and after the Exchange
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Offer. Notwithstanding any other provision of this Indenture: (i) no Series B
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Note may be exchanged by the Holder thereof for a Series A Note; (ii) accrued and unpaid interest on the Series A Notes being exchanged in the Exchange Offer shall be due and payable on the next Interest Payment Date for the Series B Notes following the

Exchange Offer; and (iii) interest on the Series B Notes to be issued in the Exchange Offer shall accrue from the date of the Exchange Offer.

Section 2.7. Replacement Notes.

If any mutilated Note is surrendered to the Trustee, or the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, the Company shall, upon the written request of the Holder thereof, issue, and the Trustee shall authenticate, a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by such Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

The provisions of this Section 2.7 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.8. Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it (or its agent), those delivered to it (or its agent) for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. Except as set forth in Section 2.9 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note.

If a Note is replaced pursuant to Section 2.7 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note (other than a mutilated Note surrendered for replacement) is held by a bona fide purchaser (as such term is defined in Section 8-302 of the Uniform Commercial Code as in effect in the State of New York).

If the principal amount of any Note is considered paid under Section 4.1 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent holds money or Cash Equivalents sufficient to pay Notes payable on a redemption date or maturity date, then such Notes shall be

deemed to be no longer outstanding, provided that such Notes shall have reached their stated maturity or, if such Notes are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article 3.

Section 2.9. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that the Trustee has actual knowledge are so owned shall be so disregarded.

Section 2.10. Temporary Notes.

Until definitive Notes are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Notes upon a written order of the Company signed by two Officers of the Company. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

Until such exchange, Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.11. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation. Unless the Company shall direct that canceled Notes be returned to it, all canceled Notes held by the Trustee shall be disposed of by the Trustee in accordance with its standard procedures, and the Trustee shall maintain a record of their disposal. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee (or its Agent) for cancellation. If the Company acquires any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are surrendered to the Trustee (or its Agent) for cancellation pursuant to this Section 2.11.

Section 2.12. Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner to the Persons who are Holders on a subsequent special record date. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such defaulted interest to be paid.

Section 2.13. Persons Deemed Owners.

Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent, the Company and any agent of the foregoing shall deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for all purposes (including the purpose of receiving payment of principal of and interest on such Notes; provided that defaulted interest shall be paid as set forth in Section 2.12), and none of the Trustee, any Agent, the Company or any agent of the foregoing shall be affected by notice to the contrary.

Section 2.14. CUSIP Numbers.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company will print CUSIP numbers on the Notes, and the Trustee may use CUSIP numbers in notices of redemption and purchase as a convenience to Holders, provided, however, that any such notices may state that no representation is made as to the correctness of such numbers as printed on the Notes and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or purchase shall not be affected by any defect or omission in such numbers.

ARTICLE 3
REDEMPTION AND PREPAYMENT

Section 3.1. Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.7 hereof, it shall furnish to the Trustee, at least

40 days but not more than 60 days before a redemption date (unless a shorter period is acceptable to the Trustee) an Officers' Certificate setting forth (i) the clause of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed, (iv) the redemption price and accrued interest and (v) whether it requests the Trustee to give notice of such redemption. Any such notice may be canceled at any time prior to the mailing of notice of such redemption to any Holder and shall thereby be void and of no effect.

Section 3.2. Selection of Notes to be Redeemed.

If fewer than all of the Notes are to be redeemed at any time, the Trustee shall select the Notes to be redeemed among the Holders of the Notes in compliance with the requirements of any applicable Depositary, legal and securities exchange requirements or, if the Notes are not so listed, on a pro rata basis, by lot or in accordance with any other method the Trustee considers fair and appropriate; provided that no Notes of $1,000 principal amount or less shall be redeemed in part. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of $1,000 or whole multiples of $1,000. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.3. Notice of Redemption.

At least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at such Holder's registered address.

The notice shall identify the Notes to be redeemed and shall state:

(a) the redemption date;

(b) the redemption price and accrued interest;

(c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the

redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request the Trustee shall give the notice of redemption in the Company's name and at its expense; provided, however, that the Company shall have delivered to the Trustee, at least 40 days prior to the redemption date (unless a shorter period is acceptable to the Trustee), an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.4. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.3 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

Section 3.5. Deposit of Redemption Price.

On or prior to the redemption date, the Company shall deposit with the Paying Agent (or, if the Company or a Consolidated Subsidiary is acting as Paying Agent, shall segregate and hold in trust as provided in Section 2.4) money sufficient to pay the redemption price of and accrued interest on all Notes to be redeemed on that date. The Paying Agent shall promptly return to the Company any money deposited with the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption whether or not such Notes are presented for payment. If the redemption date is an Interest Payment Date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on the related record date.

Section 3.6. Notes Redeemed In Part.

Upon surrender of a Note that is redeemed in part, the Company shall issue and, upon the Company's written request, the Trustee shall authenticate for the Holder at the expense of the Company, a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.7. Optional Redemption.

(a) The Company shall not have the option to redeem the Notes pursuant to this Article 3 prior to April 15, 2000. Thereafter, the Notes will be subject to redemption at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the twelve month period beginning on April 15 of the years indicated below:

Year	Percentage
2000	106%
2001	103%
2002	100%

(b) Any redemption pursuant to this Section 3.7 shall be made pursuant to the provisions of Sections 3.1 through 3.6 hereof.

ARTICLE 4
COVENANTS

Section 4.1. Payment of Notes.

The Company shall pay or cause to be paid the principal of, premium if any, and interest on the Notes on the dates, at the place and in the manner provided in the Notes. The Company shall pay all Liquidated Damages, if any, in the same

manner on the dates and in the amounts set forth in the Registration Rights Agreement. The Paying Agent shall return to the Company, no later than three Business Days following the date of payment any money (including accrued interest) in excess of the amounts paid on the Notes.

Section 4.2. Maintenance of Office or Agency.

The Company shall maintain in the Borough of Manhattan, The City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.3.

Section 4.3. Provisions of Reports and Other Information.

(a) The Company shall file with the Trustee and the SEC, and transmit to Holders, such information, documents and reports, and such summaries thereof, as may be required pursuant to the TIA at the times and in the manner provided pursuant to the TIA; provided that any such information, documents or reports required to be filed with the SEC pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same are so required to be filed with the SEC.

(b) So long as any of the Transfer Restricted Securities remain outstanding, the Company shall furnish to the Holders of the Transfer Restricted Securities and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) If the Company instructs the Trustee to distribute any of the documents described in clause (a) above to the Holders, the Company shall provide the Trustee with a sufficient number of copies of all such documents that the Company may be required to deliver to the Holders under this Section 4.3.

Section 4.4. Compliance Certificate.

(a) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate (one of the signatories of which shall be the principal executive officer, the principal financial officer or the principal accounting officer of the Company) stating, as to each such Officer signing such certificate, whether or not, to the best of his or her knowledge, the Company (i) is in compliance with all covenants contained in this Indenture and (ii) is in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (and, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto).

(b) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith upon becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

Section 4.5. Limitation on Company and Consolidated Subsidiary Indebtedness.

The Company shall not, and shall not permit any Consolidated Subsidiary of the Company to, create, incur, assume, guarantee the payment of, or otherwise become liable for, any Indebtedness (including Acquired Indebtedness) other than Permitted Indebtedness, unless, at the time of such event and after giving effect thereto on a pro forma basis, the Company's Consolidated Interest Coverage Ratio for the last four full fiscal quarters immediately preceding such event, taken as one period, is not less than 2.0 to 1.

Section 4.6. Limitation on Restricted Payments.

(a) The Company shall not, and shall not permit any Consolidated Subsidiary of the Company to, directly or indirectly, (i) declare or pay any dividend on, or make any distribution in respect of or purchase, redeem or retire for value any capital stock of the Company, other than (1) through the issuance solely of the Company's own capital stock (other than Redeemable Stock) or options, warrants or other rights thereto or (2) in the case of any such capital stock that is Redeemable Stock ("Existing Redeemable Stock"), through the issuance solely of the Company's

own capital stock (including new shares of Redeemable Stock, provided such new shares of Redeemable Stock have an Average Life equal to or greater than the lesser of (A) the remaining Average Life of the Existing Redeemable Stock or (B) the remaining Average Life of the Notes), or (ii) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, prior to scheduled maturity, mandatory sinking fund date or mandatory repayment date (including any repayment date resulting from the exercise of a Put Right by the holder of any Indebtedness, but excluding any repayment date arising as a result of any Indebtedness being declared due and payable prior to the date on which it would otherwise become due and payable due to any default in the performance of any term or provision of such Indebtedness), any Indebtedness of the Company which is subordinate in right of payment to the Notes (other than with, and to the extent of, the proceeds from the incurrence of Refinancing Indebtedness that constitutes Permitted Indebtedness) (such payments or any other actions described in (i) and (ii), collectively, "Restricted Payments").

(b) The Company or any Consolidated Subsidiary of the Company may make a Restricted Payment which would otherwise be prohibited by Subsection (a) of this Section 4.6, provided, that (i) at the time of and after giving effect to the proposed Restricted Payment no Event of Default (and no Default) shall have occurred and be continuing; (ii) at the time of and after giving effect to the proposed Restricted Payment (the value of any such payment, if other than cash, as determined by the Board of Directors, whose determination shall be conclusive and evidenced by a Board Resolution), the aggregate amount of all Restricted Payments declared or made after June 30, 1992 shall not exceed the sum of (1) 50% of the aggregate cumulative Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning after June 30, 1992 and ending on the last day of the Company's last fiscal quarter ending prior to the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) plus (2) the aggregate proceeds received by the Company as capital contributions to the Company after June 30, 1992, or from the issuance and sale (other than to a Consolidated Subsidiary of the Company) after June 30, 1992 of capital stock of the Company (excluding Redeemable Stock but including stock issued upon conversions of Convertible Debt, stock issued to the Company's pension plans and stock issued upon the exercise of options or warrants), plus (3) $250 million; and (iii) immediately after giving effect to such proposed Restricted Payment the Company could incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 4.5; provided, however, the provisions of clause (iii) above shall not be applicable to any declaration or payment in cash of current dividends or dividends in arrears in respect of any series of preferred stock of the Company.

(c) The foregoing provisions of Subsections 4.6 (a) and (b) will not prevent the payment of any dividend within 60 days after the date of its declaration,

if, at the date of declaration, such payment would be permitted by such provisions. Notwithstanding the foregoing, "Restricted Payment" shall not include (i) the payment, during the period beginning October 1, 1992 and ended June 30, 1994, of an aggregate of $185 million of dividends in arrears in respect of the Company's preferred stock, or (ii) the redemption of Convertible Debt pursuant to the terms of the indenture or other instrument under which such debt is issued, provided that (1) the last reported sale price for the Company's Common Stock for each of the five consecutive trading days immediately preceding the date of the notice of redemption therefor (the "notice date") shall have exceeded 115% of the conversion price for such Convertible Debt and (2) the Company's Consolidated Interest Coverage Ratio for the last four fiscal quarters immediately preceding such notice date, taken as one period, is not less than 2.0 to 1.

Section 4.7. Limitation on Transactions with Related Persons.

The Company shall not, and shall not permit any of its Consolidated Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with a Related Person unless such transaction or series of transactions is on terms that are no less favorable to the Company or such Consolidated Subsidiary, as the case may be, than would be available in a comparable transaction with an unrelated third party; provided, however, that the foregoing restrictions shall not apply to (a) transactions between or among any of the Company and its Wholly Owned Consolidated Subsidiaries, (b) transactions between or among any of the Company and its Consolidated Subsidiaries that are not Wholly Owned Consolidated Subsidiaries, provided such transactions are entered into in the ordinary course of business on terms and conditions consistent with past practice and (c) any transaction with an officer or director of the Company or any Consolidated Subsidiary entered into in the ordinary course of business (including, without limitation, compensation or employee benefit and perquisite arrangements).

Section 4.8. Purchase of Notes Upon Change in Control.

(a) Upon the occurrence of a Change in Control, each Holder of Notes shall have the right (the "Repurchase Right"), at the Holder's option, to require the Company to repurchase all or any portion of such Holder's Notes, in integral multiples of $1,000, at the Put Price in cash, in accordance with and subject to the terms of this Section 4.8. Such repurchase shall occur on the date (the "Repurchase Date") that is 45 days after the date of the Company Notice hereinafter described. The Company will mail a notice containing the information set forth in Subsection 4.8(b) below (the "Company Notice") to all Holders of Notes within 30 days following any Change in Control, and the Company will purchase all tendered Notes by making payment of the Put Price on the Repurchase Date. The Company shall

promptly deliver a copy of the Company Notice to the Trustee and shall cause a copy of such notice to be published in The Wall Street Journal or another newspaper of national circulation.

(b) The Company Notice shall state:

(i) That a Change in Control has occurred and that each Holder of Notes has the right to require the Company to repurchase such Holder's Note at the Put Price in cash;

(ii) the circumstances and relevant facts regarding such Change in Control;

(iii) the Repurchase Date and the instructions a Holder of Notes must follow in order to have such Holder's Notes repurchased in accordance with this Section 4.8;

(iv) that any Note not tendered will continue to accrue interest;

(v) that on the Repurchase Date any Note tendered for payment pursuant to the terms hereof and for which money sufficient to pay the Put Price has been deposited with the Trustee, as provided in this Section 4.8, shall cease to accrue interest after the Repurchase Date;

(vi) that Holders electing to have a Note repurchased pursuant to this Section 4.8 will be required to surrender the Note, duly endorsed for transfer, together with an irrevocable written notice in the form entitled "Election to Exercise Repurchase Right Upon a Change in Control" on the reverse of the Note, to the Company (or an agent designated by the Company for such purpose) at the address specified in the Company Notice and the Trustee on or prior to the close of business on the 30th day after the date of the Company Notice; and

(vii) such other information as may be required by applicable law and regulations;provided that no failure of the Company to give the foregoing notices and no defect therein shall limit the Repurchase Rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 4.8.

(c) Following a Change in Control, the Company shall accept for payment Notes properly tendered pursuant to this Section 4.8. Prior to the Repurchase Date, the Company shall deposit with the Trustee money sufficient to pay the Put Price for all Notes (or portions thereof) so tendered and deliver, or cause to be delivered, to the Trustee Notes properly tendered pursuant to this Section 4.8

and accepted together with an Officers' Certificate describing the Notes so tendered to and being purchased by the Company. On the Repurchase Date, the Trustee shall, to the extent that monies deposited with the Trustee are available therefor, mail to the Holders of Notes so tendered and accepted for payment an amount equal to the Put Price and, as soon as possible after such payment, the Trustee shall cancel the Notes so tendered and accepted. The Company shall publicly announce the results of the Change in Control tender offer as soon as practicable after the Repurchase Date. The Company shall issue to Holders whose Notes are purchased only in part new Notes equal in principal amount to the unpurchased portion of the Notes surrendered.

(d) Notwithstanding the foregoing, in repurchasing the Notes pursuant to this Section 4.8, the Company shall comply with all applicable tender offer rules, including but not limited to Sections 13(e) and 14(e) under the Exchange Act and Rules 13e-1 and 14e-1 thereunder.

(e) Each Holder of Notes properly tendered for purchase pursuant to this Section 4.8 who is not paid the Put Price for such Notes in the manner described in Subsection 4.8(c) will be entitled to receive (as part of any subsequent payment of the Put Price prior to the earlier of (i) the date such Holder's election to require the Company to purchase such Notes is withdrawn or (ii) the date all outstanding Notes are accelerated under Section 6.2 or an Event of Default under Section 6.1(g) or 6.1(h) shall occur) interest on the entire principal of such outstanding Notes at the rate provided in such outstanding Notes through the date the Put Price is paid, to the extent not theretofore paid on such Notes in accordance with their terms.

(f) The Company is solely responsible for performing the duties and responsibilities contained in this Section 4.8, other than the obligations of the Trustee specifically set forth in Subsection 4.8(c). The Trustee shall not be responsible for any failure of the Company to make any deposit with the Trustee or to deliver to the Trustee Notes tendered pursuant to this Section 4.8 or, subject to Section 7.1, any failure of the Company to comply with any of the other covenants of the Company contained in this Section 4.8.

Section 4.9. Limitation on Mortgages and Liens.

The Company shall not at any time, directly or indirectly, create or assume and shall not cause or permit a Subsidiary, directly or indirectly, to create or assume, otherwise than in favor of the Company or a Wholly Owned Subsidiary, any mortgage, pledge or other lien or encumbrance upon any Principal Manufacturing Property or any interest it may have therein or of or upon any stock or indebtedness of any Subsidiary, whether now owned or hereafter acquired, without making effective provision (and the Company covenants that in such case it will make or cause to be made effective provision) whereby the Notes and any other indebtedness

of the Company then entitled thereto shall be secured by such mortgage, pledge, lien or encumbrance equally and ratably with any and all other obligations and indebtedness thereby secured, so long as any such other obligations and indebtedness shall be so secured; provided, however, that the foregoing covenant shall not be applicable to the following:

(a)(i) any mortgage, pledge or other lien or encumbrance on any property hereafter acquired or constructed by the Company or a Subsidiary, or on which property so constructed is located, and created prior to, contemporaneously with or within 180 days after, such acquisition or construction or the commencement of commercial operation of such property to secure or provide for the payment of any part of the purchase or construction price of such property, or (ii) the acquisition by the Company or a Subsidiary of such property subject to any mortgage, pledge, or other lien or encumbrance upon such property existing at the time of acquisition thereof, whether or not assumed by the Company or such Subsidiary, or (iii) any mortgage, pledge, or other lien or encumbrance existing on the property, shares of stock or indebtedness of a corporation at the time such corporation shall become a Subsidiary, or (iv) any conditional sales agreement or other title retention agreement with respect to any property hereafter acquired or constructed; provided that the lien of any such mortgage, pledge or other lien does not spread to property owned prior to such acquisition or construction or to other property thereafter acquired or constructed other than additions to such acquired or constructed property and other than property on which property so constructed is located, and provided, further, that if a firm commitment from a bank, insurance company or other lender or investor (not including the Company, a Subsidiary or an Affiliate of the Company) for the financing of the acquisition or construction of property is made prior to, contemporaneously with or within the 180 day period hereinabove referred to, the applicable mortgage, pledge, lien or encumbrance shall be deemed to be permitted by this subsection (a) whether or not created or assumed within such period;

(b) any mortgage, pledge or other lien or encumbrance created for the sole purpose of extending, renewing or refunding any mortgage, pledge, lien or encumbrance permitted by subsection (a) of this Section; provided, however, that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or refunding and that such extension, renewal or refunding of any mortgage, pledge, lien or encumbrance shall be limited to all or any part of the same property that secured the mortgage, pledge or other lien or encumbrance extended, renewed or refunded;

(c) liens for taxes or assessments or governmental charges or levies not then due and delinquent or the validity of which is being contested in good faith, and against which an adequate reserve has been established; pledges or deposits to secure public or statutory obligations or to secure performance in connection with

bids or contracts; materialmen's, mechanics', carrier's, workmen's, repairmen's or other like liens, or deposits to obtain the release of such liens; deposits to secure surety, stay, appeal or customs bonds; liens created by or resulting from any litigation or legal proceeding which is currently being contested in good faith by appropriate proceedings; licenses or leases or patents, trademarks or trade names; leases and liens, rights of reverter and other possessory rights of the lessor thereunder; zoning restrictions, easements, rights-of-way or other restrictions on the use of real property or minor irregularities in the title thereto; and any other liens and encumbrances similar to those described in this subsection, the existence of which does not, in the opinion of the Company, materially impair the use by the Company or a Subsidiary of the affected property in the operation of the business of the Company or a Subsidiary, or the value of such property for the purposes of such business;

(d) any contracts for production, research or development with or for the Government, directly or indirectly, providing for advance, partial or progress payments on such contracts and for a lien, paramount to all other liens, upon money advanced or paid pursuant to such contracts, or upon any material or supplies in connection with the performance of such contracts to secure such payments to the Government; and liens or other evidences of interest in favor of the Government, paramount to all other liens, on any equipment, tools, machinery, land or buildings hereafter constructed, installed or purchased by the Company or a Subsidiary primarily for the purpose of manufacturing or providing any product or performing any development work, directly or indirectly, for the Government to secure indebtedness incurred and owing to the Government for the construction, installation or purchase of such equipment, tools, machinery, land or buildings. For the purpose of this subsection (d), "Government" shall mean the Government of the United States of America and any department or agency thereof.

(e) any mortgage, pledge or other lien or encumbrance created after the date of this Indenture on any property leased to or purchased by the Company or a Subsidiary after that date and securing, directly or indirectly, obligations issued by a State, a territory or a possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, to finance the cost of acquisition or cost of construction of such property, provided that the interest paid on such obligations is entitled to be excluded from gross income of the recipient pursuant to Section 103(a)(1) of the Code (or any successor to such provision) as in effect at the time of the issuance of such obligations;

(f) any mortgage, pledge or other lien or encumbrance created by the Company or a Subsidiary for the purpose of securing the payment of any V Loan Debt of the Company or such Subsidiary, provided that such mortgage, pledge or other lien shall be limited to assets and contracts specified in the definition of "V Loan Debt" in Section 1.1 hereof.

(g) any pledge of notes, chattel mortgages, leases, accounts receivable, trade acceptances and other paper arising in the ordinary course of business, out of installment or conditional sales to or by, or other transactions involving title retention with, distributors, dealers or other customers, of merchandise, equipment or services; and

(h) any mortgage, pledge or other lien or encumbrance not otherwise permitted under this Section, provided the aggregate amount of indebtedness secured by all such mortgages, pledges, liens or encumbrances, together with the aggregate sale price of property involved in sale and leaseback transactions not otherwise permitted except under Section 4.10(a) does not exceed the greater of $250,000,000 or 5% of Consolidated Stockholders' Equity.

Section 4.10. Limitation on Sale and Leaseback Transactions.

The Company shall not, and shall not permit any Subsidiary to, sell or transfer (except to the Company or one or more Wholly Owned Subsidiaries, or both) any Principal Manufacturing Property owned by it on the date of this Indenture with the intention of taking back a lease of such property other than a lease for a temporary period (not exceeding 36 months) with the intent that the use by the Company or such Subsidiary of such property will be discontinued on or before the expiration of such period unless either:

(a) the sum of the aggregate sale price of property involved in sale and leaseback transactions not otherwise permitted under this Section plus the aggregate amount of indebtedness secured by all mortgages, pledges, liens and encumbrances not otherwise permitted except under Section 4.9(h) does not exceed the greater of $250,000,000 or 5% of Consolidated Stockholders' Equity, or

(b) the Company within 120 days after the sale or transfer shall have been made by the Company or by any such Subsidiary applies an amount equal to the greater of (i) the net proceeds of the sale of the Principal Manufacturing Property sold and leased back pursuant to such arrangement or (ii) the fair market value of the Principal Manufacturing Property sold and leased back at the time of entering into such arrangement (which may be conclusively determined by the Board of Directors of the Company) to the retirement of the Notes or other Funded Debt of the Company ranking on a parity with the Notes; provided, that the amount required to be applied to the retirement of outstanding Notes or other Funded Debt of the Company pursuant to this clause (b) shall be reduced by (1) the principal amount of any Notes delivered within 120 days after such sale to the Trustee for retirement and cancellation, and (2) the principal amount of any other Funded Debt of the Company ranking on a parity with the Notes voluntarily retired by the Company within 120 days after such sale, whether or not any such retirement of Funded Debt shall be

specified as being made pursuant to this clause (b). Notwithstanding the foregoing, no retirement referred to in this clause (b) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Section 4.11. Corporate Existence.

Except as otherwise permitted pursuant to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

ARTICLE 5
SUCCESSORS

Section 5.1. Merger, Consolidation, or Sale of Assets.

The Company shall not consolidate with or merge into or sell, assign, transfer, lease, convey or otherwise dispose of its properties or assets substantially as an entirety, to any Person unless (i) the Company is the surviving corporation, or the entity or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made, is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia; (ii) the entity formed by or surviving any such consolidation or merger (if other than the Company), or the entity to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made, as the case may be, assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee; (iii) immediately or after giving effect to such transaction no Default or Event of Default shall have occurred and be continuing; (iv) if as a result of any such consolidation or merger or such sale, assignment, transfer, lease, conveyance or other disposition, properties or assets of the Company would become subject to a mortgage, pledge, lien, security interest or other encumbrance which would not be permitted by this Indenture, the Company or such successor entity, as the case may be, shall take such steps as shall be necessary effectively to secure all Notes equally and ratably with (or prior to) all indebtedness secured thereby; and (v) immediately after giving effect to such transaction (and treating any Indebtedness not previously an obligation of the Company or a Consolidated Subsidiary of the Company which becomes the obligation of the Company or any of its Consolidated Subsidiaries in connection with or as a

result of such transaction as having been incurred at the time of such transaction), the Company or such successor entity could incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 4.5.

Section 5.2. Successor Company Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of the properties and assets of the Company substantially as an entirety in accordance with Section 5.1 hereof, the successor corporation, Person or other entity formed by such consolidation or into which the Company is merged or to which such sale, assignment transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation, Person or other entity and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor corporation, Person or other entity had been named as the Company herein, and thereafter the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Notes.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.1. Events of Default.

An "Event of Default" means any one of the following events:

(a) default in the payment of interest on any Note when the same becomes due and payable and continuance of such default for a period of 30 days;

(b) default in the payment of the principal of or premium, if any, on any Note when the same becomes due and payable, whether at maturity, upon redemption, in the event of repurchase pursuant to Section 4.8 hereof, or otherwise;

(c) the Company's failure to comply with the terms and provisions of Section 5.1 hereof;

(d) the Company's failure to comply with any of its other agreements or covenants in this Indenture and continuance of such Default for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by Holders of at least 25% in principal amount of the then outstanding Notes, a written notice specifying such

Default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(e) default (i) in the payment of any scheduled principal of or interest on any Indebtedness of the Company or any Consolidated Subsidiary of the Company (other than the Notes) aggregating more than $25 million in principal amount when due after giving effect to any applicable grace period or (ii) in the performance of any other term or provision of any Indebtedness of the Company or any Consolidated Subsidiary of the Company (other than the Notes) in excess of $25 million principal amount that results in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such acceleration shall not have been rescinded or annulled, or such Indebtedness shall not have been discharged, within a period of 15 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and to the Trustee by the Holders of at least 25% in principal amount of the Notes a written notice specifying such events or events of default and stating that such notice is a "Notice of Default" hereunder;

(f) the entry against the Company or any Consolidated Subsidiary of the Company of one or more judgments, decrees or orders by a court having jurisdiction in the premises from which no appeal may be or is taken for the payment of money, either individually or in the aggregate, in excess of $25 million and the continuance of such judgment, decree or order unsatisfied and in effect for any period of 45 consecutive days after the amount thereof is due without a stay of execution and there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and to the Trustee by the Holders of at lest 25% in principal amount of the Notes a written notice specifying such entry and continuance of such judgment, decree or order and stating that such notice is a "Notice of Default" hereunder;

(g) the Company shall, pursuant to or within the meaning of any Bankruptcy Law:

(i) commence a voluntary case;

(ii) consent to the entry of an order for relief against it in an involuntary case;

(iii) consent to the appointment of a Custodian of it or for all or substantially all of its property;

(iv) make a general assignment for the benefit of its creditors; or

(v) admit in writing its inability to pay its debts generally as they become due; or

(h) a court of competent jurisdiction shall enter an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company, or

(ii) appoints a Custodian of the Company for all or substantially all of the property of the Company, or

(iii) orders the liquidation of the Company

and in the event of any of (i), (ii) or (iii), the order or decree remains unstayed and in effect for at least 60 consecutive days.

Section 6.2. Acceleration.

If any Event of Default occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the then outstanding Notes by written notice to the Company and the Trustee, may accelerate the maturity of all Notes and declare the unpaid principal of all the Notes to be due and payable immediately. Upon the effectiveness of such acceleration, the principal shall be due and payable immediately. The Holders of a majority in principal amount of the then outstanding Notes by written notice to the Trustee may, before a judgment or decree based on acceleration has been obtained, rescind and annul such an acceleration if all existing Events of Default (except nonpayment of principal, premium, if any, or interest that have become due solely because of the acceleration) have been cured or waived.

Section 6.3. Other Remedies.

Subject to Section 6.2, if an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, interest and Liquidated Damages, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.4. Waiver of Past Defaults.

Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the Holders of all of the Notes, waive an existing Default or Event of Default and its consequences hereunder (including without limitation acceleration and its consequences, including any related payment default that resulted from such acceleration), except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the Notes (including in connection with an offer to purchase) or in respect of a covenant or provision of this Indenture that cannot, under the terms hereof, be modified or amended without the consent of the Holders of each outstanding Note affected thereby. Upon any such waiver, such Default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.5. Control by Majority.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it; provided, however, that (i) the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability and (ii) the Trustee may take any other action it deems proper that is not inconsistent with such direction.

Section 6.6. Limitation on Suits.

Subject to the provisions of Section 6.7 hereof, a Holder of a Note may pursue a remedy with respect to this Indenture or the Notes (including, without limitation, the institution of any proceeding, judicial or otherwise, with respect to the Notes or this Indenture or for the appointment of a receiver or trustee for the Company and/or any of its Consolidated Subsidiaries) only if:

(a) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 60-day period the Holders of at least 25% in aggregate principal amount of the then outstanding Notes do not give the Trustee a direction which in the opinion of the Trustee is inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.7. Rights of Holders of Notes to Receive Payment.

The right of any Holder of a Note to receive payment of principal, premium and Liquidated Damages, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.8. Collection Suit by Trustee.

If an Event of Default specified in Section 6.1(a) or (b) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for principal of, premium, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.9. Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents and to take such actions, including participation as a member, voting or otherwise, of any committee of creditors, as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such

payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7 hereof. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities.

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.7 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium and Liquidated Damages, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium and Liquidated Damages, if any, and interest, respectively; and

Third: the remainder to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, each party to this Indenture agrees, and each Holder by its acceptance of its Notes shall be deemed to have agreed, that any court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.7 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.1. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee shall not be liable hereunder except for such duties of the Trustee which shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not such documents conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.5 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability whatsoever in the performance of any of its duties hereunder or in the exercise of any of its rights or powers hereunder. The Trustee may refuse to perform any duty or exercise any right or power unless it receives security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.2. Rights of Trustee.

(a) The Trustee may rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) The permissive right of the Trustee to act hereunder shall not be construed as a duty.

(f) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

Section 7.3. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest (as such term is defined in TIA (S)310(b)), it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as Trustee (to the extent permitted under TIA (S)310(b)) or resign. Any Agent may do the same with like rights and duties.

Section 7.4. Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.5. Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is actually known to the principal account officer of the Trustee responsible for this Indenture, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after such event occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold such notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.6. Reports by Trustee to Holders of the Notes.

Within 60 days after each September 30 (beginning with the September 30 following the date of this Indenture) and for so long as Notes remain outstanding,

the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA (S)313(a) (but if no event described in TIA (S)313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA (S)313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA (S)313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange, if any, on which the Notes are listed in accordance with and to the extent required by TIA (S)313(d). The Company shall promptly notify the Trustee if the Notes become listed on any stock exchange or automatic quotation system.

Section 7.7. Compensation and Indemnity.

The Company shall pay to the Trustee from time to time compensation as shall be agreed upon between the Company and the Trustee for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.7) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee shall promptly notify the Company of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel; provided that the Company will not be required to pay such fees and expenses if it assumes the Trustee's defense with counsel acceptable to and approved by the Trustee (such approval not to be unreasonably withheld) and there is no conflict of interest between the Company and the Trustee in connection with such defense. The Company need not pay for any settlement made without its written consent which consent shall not be unreasonably withheld. The Company need not reimburse the Trustee for any expense or indemnity against any liability or loss of the Trustee to the extent such expense, liability or loss is attributable to the negligence, bad faith or willful misconduct of the Trustee.

The obligations of the Company under this Section 7.7 shall survive the satisfaction and discharge of this Indenture.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.1(g) or (h) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.8. Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign and be discharged from the trust hereby created by so notifying the Company in writing. The Holders of Notes of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing and may appoint a successor trustee with the consent of the Company. The Company may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a receiver, Custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the lien provided for in Section 7.7 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.8, the Company's obligations under Section 7.7 hereof shall continue for the benefit of the retiring Trustee.

Section 7.9. Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

Section 7.10. Eligibility; Disqualification.

This Indenture shall always have a Trustee that satisfies the requirements of TIA (S)310(a)(1), (2) and (5) and that has, or is a subsidiary of a bank holding company that has, a combined capital and surplus of at least $100 million as set forth in its most recent published annual report of condition.

The Trustee is subject to TIA (S)310(b).

Section 7.11. Preferential Collection of Claims Against Company.

The Trustee is subject to TIA (S)311(a), excluding any creditor relationship listed in TIA (S)311(b). A Trustee who has resigned or been removed shall be subject to TIA (S)311(a) to the extent indicated therein.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE;
SATISFACTION AND DISCHARGE

Section 8.1. Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.2 or 8.3 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.2. Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.1 hereof of the option applicable to this Section 8.2, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.4 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.6 hereof and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged pursuant to this Indenture: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.4 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium and Liquidated Damages, if any, and interest on such Notes when such payments are due, (b) the Company's obligations with respect to such Notes under Article 2 and Section 4.2 hereof and, with respect to the Trustee, under Section 7.7 hereof, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith and (d) this Article 8. Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.2 notwithstanding the prior exercise of its option under Section 8.3 hereof.

Section 8.3. Covenant Defeasance.

Upon the Company's exercise under Section 8.1 hereof of the option applicable to this Section 8.3, and subject to the satisfaction of the conditions set forth in Section 8.4 hereof, the Company shall be released from its obligations under

the covenants contained in Sections 4.3 through 4.11 and Article 5 hereof with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.1(c) or (d) hereof, nor shall any event referred to in Section 6.1(e) of (f) thereafter constitute a Default or an Event of Default thereunder but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby.

Section 8.4. Conditions to Legal or Covenant Defeasance.

The following shall be the conditions to the application of either Section 8.2 or 8.3 hereof to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in United States dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, expressed in a written certificate delivered to the Trustee, to pay the principal of, premium and Liquidated Damages, if any, and interest on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date and irrevocably instruct the Trustee to apply such money or the proceeds of such U.S. Government Obligations to the payment of such principal, premium, Liquidated Damages and interest at maturity or on the specified redemption date;

(b) in the case of an election under Section 8.2 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the

Internal Revenue Service a ruling or (B) since the date hereof, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.3 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Sections 6.1(g) or 6.1(h) hereof is concerned, at any time in the period ending on the 91st day after the date of deposit; and

(e) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.5. Satisfaction and Discharge of Indenture.

(a) The Company may terminate all of its obligations under this Indenture, other than those referred to in subsection (b) below (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture), when

(i) either

(A) all Notes theretofore authenticated and delivered (other than Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.7) have been delivered to the Trustee for cancellation; or

(B) all such Notes have become due and payable, or will become due and payable at their stated maturity within one year, or are to be

called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company has deposited or caused to be deposited in cash with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Notes for principal (and premium and Liquidated Damages, if any) and any interest to the date of such deposit (in the case of Notes which have become due and payable) or to the stated maturity or redemption date, as the case may be;

(ii) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(iii) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

(b) Notwithstanding subsection (a) above, (i) the rights of Holders of Notes to receive payments in respect of the principal of, premium and Liquidated Damages, if any, and interest on such Notes when such payments are due, (ii) the Company's obligations with respect to such Notes under Article 2 and Section 4.2 hereof and, with respect to the Trustee, under Section 7.7 hereof, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith and (iv) this Article 8 shall survive until the Notes are no longer outstanding. Thereafter, only the Company's obligations in Section 7.7 shall survive.

Section 8.6. Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.7 hereof, all cash and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to Sections 8.4 or 8.5 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company or any of its Consolidated Subsidiaries or Affiliates acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium and Liquidated Damages, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or U.S. Government Obligations deposited pursuant to this Section 8.6 or the principal and interest

received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any cash or U.S. Government Obligations held by it as provided in this Section 8.6 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the certificate delivered under Section 8.4(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.7. Repayment to Company.

Subject to any applicable abandoned property laws, any money deposited with the Trustee or any Paying Agent, or then held by the Company or any of its Consolidated Subsidiaries or Affiliates, in trust for the payment of the principal of, premium or Liquidated Damages, if any, or interest on any Note and remaining unclaimed for one year after such principal, and premium or Liquidated Damages, if any, or interest has become due and payable shall be paid to the Company on its request and (if then held by the Company or any of its Consolidated Subsidiaries or Affiliates) shall be discharged from such trust; and the Holder of such Note shall thereafter, as a secured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, shall thereupon cease; provided, however, that the Trustee or such Paying Agent before being required to make any such repayment, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.8. Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 8.2, 8.3 or 8.5 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.2, 8.3 or 8.5 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.2, 8.3 or 8.5 hereof, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its

obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.1. Without Consent of Holders of Notes.

Notwithstanding Section 9.2 of this Indenture, the Company and the Trustee may amend or supplement this Indenture or the Notes without the consent of any Holder:

(a) to cure any ambiguity, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(c) to evidence the succession of another Person to the Company and provide for the assumption by such successor of the Company's obligations to the Holders under the Notes in the case of a merger or consolidation pursuant to Article 5 hereof;

(d) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder of the Notes;

(e) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA as then in effect; or

(f) to provide for collateral for the Notes.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental Indenture, and upon receipt by the Trustee of the documents described in Section 7.2 hereof, the Trustee shall join with the Company in the execution of any amended or supplemental Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained.

Section 9.2. With Consent of Holders of Notes.

Except as provided below in this Section 9.2, the Company and the Trustee may amend or supplement this Indenture, and the Notes may be amended or supplemented, with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes). Subject to Sections 6.4 and 6.7 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes).

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.2 hereof, the Trustee shall join with the Company in the execution of such amended or supplemental Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into any such amended or supplemental Indenture that adversely affects its own rights, duties, liabilities or immunities under this Indenture or otherwise.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.2 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver. Subject to Sections 6.4 and 6.7 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

(a) reduce the percentage in principal amount of outstanding Notes whose Holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes;

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) adversely affect the Repurchase Right;

(e) make any Note payable in money other than that stated in the Notes;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium if any, or interest on the Notes;

(g) waive a redemption or payment with respect to any Note; or

(h) make any changes to Sections 9.1 or 9.2 hereof.

Section 9.3. Compliance With Trust Indenture Act.

Every amendment or supplement to this Indenture or the Notes shall be set forth in an amended or supplemental Indenture that complies with the TIA as then in effect.

Section 9.4. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment has been approved by the requisite Holders. An amendment, supplement or waiver becomes effective when approved by the requisite Holders and executed by the Trustee (or, if otherwise provided in such waiver, supplement or amendment in accordance with its terms) and thereafter binds every Holder.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those persons who were Holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to consent to such amendment or waiver or revoke any consent previously given, whether or not such persons continue to be Holders after such record date. No consent shall be valid or effective for more than 90 days after such record date except to the extent that the requisite number of consents to the amendment, supplement or waiver have been obtained within such 90-day period or as set forth in the next paragraph of this Section 9.4.

After an amendment, supplement or waiver becomes effective, it shall bind every Holder, unless it makes a change described in any of clauses (a) through (h) of Section 9.2, in which case, the amendment, supplement or waiver shall bind only each Holder of a Note who has consented to it and every subsequent Holder of a Note or portion of a Note that evidences the same indebtedness as the consenting Holder's Note.

Section 9.5. Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue, and the Trustee shall authenticate, new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.6. Trustee to Sign Amendments, Etc.

The Trustee shall sign any amended or supplemental Indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.1) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

Section 9.7. Payments for Consent.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent,

waiver or amendment of any terms or provisions of the Notes unless such consideration is offered to be paid or agreed to be paid to all Holders which so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

ARTICLE 10
MISCELLANEOUS

Section 10.1. Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA (S)318(c), such TIA-imposed duties shall control.

Section 10.2. Notices.

Any notice or communication by the Company or the Trustee to the other is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Company:

Unisys Corporation
Township Line and Union Meeting Roads
Blue Bell, Pennsylvania 19424
Telephone: (215) 986-4011
Telecopy: (215) 986-3889
Attention: Treasurer

If to the Trustee:

Bank of Montreal Trust Company
77 Water Street
New York, New York 10005
Telephone: (212) 701-7650
Telecopy: (212) 701-7684
Attention: Corporate Trust Department

The Company and the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery, in each case to the address shown above.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA (S)313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Section 10.3. Communication by Holders of Notes With Other Holders of Notes.""

Holders may communicate pursuant to TIA (S)312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA (S)312(c).

Section 10.4. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 10.5 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 10.5 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 10.5. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA (S)314(a)(4)) shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Section 10.6. Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 10.7. No Personal Liability of Directors, Officers, Employees and Others.

No past, present or future director, officer, employee, agent, manager, incorporator, stockholder or other Affiliate of the Company, as such, shall have any liability for any obligations of the Company under any of the Notes or this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 10.8. Governing Law.

THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE AND THE NOTES.

Section 10.9. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Consolidated Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 10.10. Successors.

This Indenture shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns, except that the Company may not assign this Indenture or its obligations hereunder except as expressly permitted by Sections 5.1 and 5.2. Without limiting the generality of the foregoing, this Indenture shall inure to the benefit of all Holders from time to time. Nothing expressed or mentioned in this Indenture is intended or shall be construed to give any Person, other than the parties hereto, their respective successors and assigns, and the Holders, any legal or equitable right, remedy or claim under or in respect of this Indenture or any provision herein contained.

Section 10.11. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 10.12. Table of Contents, Headings, Etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 10.13. Counterparts.

This Indenture may be signed in counterparts and by the different parties hereto in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Indenture as of the date set forth above.

UNISYS CORPORATION

By: /s/ Stefan C. Riesenfeld

Name: Stefan C. Riesenfeld
Title: Vice President & Treasurer

BANK OF MONTREAL TRUST COMPANY

By: /s/ Amy Roberts

Name: Amy Roberts
Title: Assistant Vice President

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EXHIBIT A
(Face of Note)

Unless and until it is exchanged in whole or in part for Notes in definitive form, this Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York)("DTC"), to the Company or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC (and any payment is made to Cede & Co. or such other entity as may be requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein. /1/

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSON EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(a)(1),(2),(3) OR (7) UNDER THE SECURITIES ACT) WHO IS AN INSTITUTION (AN "INSTITUTIONAL ACCREDITED INVESTOR"), (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE WHICH IS THREE YEARS AFTER THE LATER OF THE DATE OF ORIGINAL ISSUANCE OF THIS NOTE AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (THE "RESALE RESTRICTION TERMINATION DATE") RESELL PLEDGE OR OTHERWISE TRANSFER THIS NOTE, EXCEPT (A) TO THE ISSUER, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH THE RESALE PROVISIONS OF RULE 144A UNDER THE SECURITIES ACT, (C) TO AN INSTITUTIONAL ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A WRITTEN CERTIFICATION CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS NOTE (THE FORM OF

- ------------------
/1/ This paragraph should be included only if the Note is issued in global form.

WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE), (D) PURSUANT TO THE RESALE LIMITATIONS PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (BASED UPON AN OPINION OF COUNSEL) SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH ACCOUNT BE AT ALL TIMES WITHIN ITS CONTROL AND TO COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IF THE PROPOSED TRANSFEREE IS AN INSTITUTIONAL ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE FOREGOING RESTRICTIONS ON RESALE WILL NOT APPLY SUBSEQUENT TO THE RESALE RESTRICTION TERMINATION DATE./2/

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/2/ This legend not required in the case of (1) a Note issued pursuant to Section 2.6(g)(ii) of the Indenture or (2) a Series B Note issued pursuant to Section 2.6(g)(iii) of the Indenture.

UNISYS CORPORATION

12% Senior Notes Due 2003 [Series A] [Series B]

No. ---------- $ ----------

CUSIP ----------

UNISYS CORPORATION, a corporation duly organized and validly existing under the laws of the State of Delaware (herein called the "Company," which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of $_____ on April 15, 2003, and to pay interest thereon at the rate per annum specified on this Note. The Company will pay interest semi-annually on April 15 and October 15 of each year (each, an "Interest Payment Date"). Subject to the provisions on the reverse hereof, interest on this Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from March 29, 1996; provided that the first interest payment date shall be October 15, 1996.

Subject to the provisions on the reverse hereof, the interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will (unless this Note has been called for redemption on a redemption date which is prior to such Interest Payment Date and unless this Note has been designated to be repurchased on a Repurchase Date which is prior to such Interest Payment Date) be paid to the Person in whose name this Note is registered at the close of business on the record date for such interest, which shall be the April 1 or October 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, shall be payable as provided in the Indenture.

If this Note is a Global Note, all payments in respect of this Note will be payable by the Company through the Trustee to the Depositary or its nominee in same day funds in accordance with customary procedures established from time to time by the Depositary. If this Note is a Definitive Note, payment of the principal of, premium, if any, and interest on this Note will be made at the office or agency of the Company maintained for that purpose; provided, -------- however, that the Holder will be entitled to receive interest payments by wire - ------- transfer in next day funds if appropriate wire transfer instructions have been received in writing by the Trustee not less than 15 days prior to the applicable Interest Payment Date. Such wire instructions, upon receipt by the Trustee, shall remain in effect until revoked by such Holder. If wire instructions have not been received by the Trustee with respect to any Holder of a Definitive Note, payment of interest may be made by check mailed to

such Holder at the address set forth in the register maintained by the Registrar. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Note the right to require the Company to repurchase this Note upon any Change in Control on the terms and subject to the limitations referred to on the reverse hereof and as more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

THIS NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID STATE.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee under the Indenture referred to on the reverse hereof.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

UNISYS CORPORATION

By: ----------
Title:

[Corporate Seal]

Attest:

- ----------
Title:

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Notes referred to in the within-mentioned Indenture.

BANK OF MONTREAL TRUST COMPANY,
as Trustee

Dated: ----------

By: ----------
Authorized Signature

[FORM OF REVERSE OF NOTE]

UNISYS CORPORATION

12% Senior Notes Due 2003 [Series A][Series B]

This Note is one of a duly authorized issue of Notes of the Company known as its 12% Senior Notes due 2003 (herein referred to as the "Notes"), limited to the aggregate principal amount of $425,000,000, all issued or to be issued under and pursuant to an indenture, dated as of March 29, 1996 (herein referred to as the "Indenture"), duly executed and delivered between the Company and Bank of Montreal Trust Company, trustee (herein referred to as the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Notes and (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Notes are subject to redemption, as a whole or in part, at any time on or after April 15, 2000 at the option of the Company upon not less than 30 nor more than 60 days' notice by first-class mail in amounts of $1,000 or an integral multiple of $1,000 at the following redemption prices (expressed as a percentage of the principal amount) if redeemed during the 12-month period beginning April 15 of the years indicated below:

Year	Redemption Price
2000	106%
2001	103%
2002	100%

in each case, together with accrued and unpaid interest, if any, to the redemption date; provided that if the date fixed for redemption is an Interest Payment Date, then interest payable on such date shall be paid to the Holder of record on the preceding record date for such interest. If less than all of the Notes are to be redeemed, such portion of the Notes shall be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable.

Upon the occurrence of a Change in Control, each Holder may require the Company to repurchase all of such Holder's Notes, or a portion thereof which is $1,000 or any integral multiple thereof, on the Repurchase Date at a purchase price equal to 101% of the principal amount thereof, together with accrued and unpaid interest to the Repurchase Date.

If an Event of Default shall occur and be continuing, the principal amount of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a specified percentage in aggregate principal amount of the Notes at the time outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Notes at the time outstanding, on behalf of the Holders of all the Notes, to waive compliance by the Company with certain provisions of the Indenture and certain Defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on this Note at the times, place, and rate, and in the coin or currency, herein prescribed or to repurchase this Note upon a Change in Control as provided in the Indenture.

The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents, and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

The registered Holder of a Note may be treated as its owner for all purposes.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (tenants in common), TEN ENT (tenants by the entireties), JT TEN (joint tenants with right of survivorship and not as tenants in common), CUST (custodian) and U/G/M/A/ (Uniform Gifts to Minors Act).

In addition to the rights provided to Holders under the Indenture, Holders of Transfer Restricted Securities shall have all the rights and obligations set forth in the Registration Rights Agreement.

Notwithstanding any other provisions of the Indenture or this Note: (i) accrued and unpaid interest on the Series A Notes being exchanged in the Exchange Offer shall be due and payable on the next Interest Payment Date for the Series B Notes following the Exchange Offer, (ii) interest on the Series B Notes to be issued in the Exchange Offer shall accrue from the date the Exchange Offer is consummated and (iii) the Series B Notes shall have no provision for Liquidated Damages.

All terms used in this Note which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

ASSIGNMENT FORM

To assign this Note, fill in the form below and have your signature guaranteed: (I) or (we) assign and transfer this Note to:

- ---

(Insert assignee's soc. sec. or tax I.D. no.)

- ---

- ---

- ---

- ---

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Company. The agent may substitute another to act for him.

- ---

Date: ---------- Your Name: ----------

(Print your name exactly as it appears on the face of this Note)

Your Signature: ----------

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee.

REPURCHASE RIGHT NOTICE

Unisys Corporation
Township Line and Union Meeting Roads
Blue Bell, Pennsylvania 19424

Attention:

Bank of Montreal Trust Company

The undersigned registered holder of the enclosed Note, duly endorsed for transfer, hereby irrevocably notifies you of the undersigned's election to require Unisys Corporation to purchase on (the "Repurchase Date") the enclosed Note, or the portion thereof (which is $1,000 or a multiple thereof) below designated, and directs Unisys Corporation to pay to the registered holder of such Note (unless a different name is indicated below) 101% of the principal amount of such Note plus accrued interest to the Repurchase Date.

Principal amount to be repurchased (if less than all):
$,000

Dated:

- ---

(Name)

- ---

- ---

(Address)

Social Security or Tax Identification No.:

SCHEDULE OF EXCHANGES OF DEFINITIVE NOTES/3/

The following exchanges of a part of this Global Note for Definitive Notes have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Note Custodian
-	---	---	---	---

- ---

/3/ This schedule should be included only if the Note is issued in global form.

EXHIBIT B

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR REGISTRATION OF TRANSFER OF NOTES

Re: 12% Senior Notes due 2003 of Unisys Corporation.

This Certificate relates to $_____ principal amount of Notes held in * _____ global or * _____ definitive form by _____ (the "Transferor").

The Transferor*:

[ ] has requested the Trustee by written order to deliver, in exchange for its beneficial interest in the Global Note held by the Depositary, a Note or Notes in definitive, registered form or a beneficial interest in the Series B Global Note issued pursuant to the Exchange Offer, in both cases in the authorized denominations in an aggregate principal amount equal to its beneficial interest in such Global Note (or the portion thereof indicated above); or

[ ] has requested the Trustee by written order to exchange or register the transfer of a Note or Notes.

In connection with such request and in respect of each such Note, the Transferor does hereby certify that it is familiar with the Indenture relating to the above captioned Notes, and the transfer of this Note does not require registration under the Securities Act of 1933 (the "Securities Act") because such Note:

[ ] is being acquired for the Transferor's own account, without transfer;

[ ] is being transferred pursuant to an effective registration statement;

[ ] is being transferred to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act), in reliance on such Rule 144A;

[ ] is being transferred pursuant to an exemption from registration in accordance with Rule 904 under the Securities Act;**

[ ] is being transferred pursuant to Rule 144 under the Securities Act;

- ---

* Check applicable box.

** If this box is checked, this certificate must be accompanied by an opinion of counsel to the effect that such transfer is in compliance with the Securities Act.

[ ] is being transferred pursuant to another exemption from the registration requirements of the Securities Act (explain:_____)***

[ ] is being transferred to an "accredited investor" (as defined in Rule 501(a)(1),(2),(3) or (7) under the Securities Act who is an institution.****

(INSERT NAME OF TRANSFEROR)

By:

Date:

- ---

*** If this box is checked, this certificate must be accompanied by a opinion of counsel to the effect that such transfer is in compliance with the Securities Act.

**** If this box is checked, this certificate must be accompanied by an opinion of counsel to the effect that such transfer is in compliance with the Securities Act. In addition, the transferee must furnish a written certification to the Trustee containing certain representations and agreements relating to the restrictions on transfer of the Note or Notes.

April 9, 1996

Unisys Corporation
Township Line and Union Meeting Roads
P.O. Box 500
Blue Bell, PA 19424

Re: Registration Statement on Form S-4 with respect to 12% Senior Notes due 2003, Series B

Gentlemen:

I am Senior Vice President, General Counsel and Secretary of Unisys Corporation, a Delaware corporation (the "Company"), and have represented the Company, with assistance from attorneys under my supervision in the Company's Office of the General Counsel (the "Unisys Attorneys"), in connection with the preparation of a Registration Statement on Form S-4 (the "Registration Statement") to be filed with the Securities and Exchange Commission (the "Commission") in connection with the registration under the Securities Act of 1933, as amended (the "Act"), of $425,000,000 aggregate principal amount of the Company's 12% Senior Notes due 2003, Series B (the "Notes"). The Notes are to be issued in exchange for a like principal amount of the Company's outstanding 12% Senior Notes due 2003, Series A (the "Old Notes"), pursuant to the exchange offer described in the Registration Statement.

In connection with this opinion, I or the Unisys Attorneys have reviewed (a) the Registration Statement, (b) the Indenture (the "Indenture") pursuant to which the Notes are to be issued, (c) the Company's Certificate of Incorporation and (d) the Company's By-laws. In addition, I or the Unisys Attorneys have examined such corporate records of the Company, such certificates of public officials, officers and representatives of the Company and such other certificates and instruments and have made such investigations of law as I or they have deemed appropriate for purposes of giving the opinions hereinafter expressed.

Based upon the foregoing and subject to the limitations set forth below, I am of the opinion that:

When (a) the Notes have been executed and authenticated in accordance with the terms of the Indenture and (b) the Notes have been issued and delivered in

exchange for the Old Notes as described in the Registration Statement, the Notes will be legal, valid and binding obligations of the Company, enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

I hereby consent to the filing of this opinion as Exhibit 5 to the Registration Statement and to the reference to me under the caption "Legal Matters" in the prospectus contained therein. In giving such consent, I do not thereby admit that I am an expert with respect to any part of the Registration Statement, including this exhibit, within the meaning of the term "expert" as used in the Act or the rules and regulations issued thereunder.

I am admitted to practice in the State of New York. This opinion is limited to the laws of that State, the General Corporation Law of the State of Delaware and the federal laws of the United States of America.

Very truly yours,

Harold S. Barron

rb

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated January 26, 1996, in the Registration Statement (Form S-4 No. 333-XXXXX) and related Prospectus of Unisys Corporation for the registration of $425,000,000 of 12% Senior Notes due 2003.

We also consent to the incorporation by reference therein of our report with respect to the financial statement schedule of Unisys Corporation for the years ended December 31, 1995, 1994, and 1993 included in the Annual Report (Form 10-K) for 1995 filed with the Securities and Exchange Commission.

/s/Ernst & Young LLP

Philadelphia, Pennsylvania
April 8, 1996

CONFORMED

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM T-1

STATEMENT OF ELIGIBILTY UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an Application to Determine Eligibilty of a trustee Pursuant to Section 305(b)_____

BANK OF MONTREAL TRUST COMPANY
(Exact name of trustee as specified in its charter)

New York (Jurisdiction of incorporation or organization if not a US national bank)	13-4941093 (I.R.S. employer identification no.)
77 Water Street New York, New York (address of principal executive offices)	10005 (Zip code)

Mark F. McLaughlin
Bank of Montreal Trust Company
77 Water Street, New York, New York, NY 1005
(212)701-7602
(Name, address and telephone number of agent for service)

UNISYS CORPORATION
(Exact name of obligor as specified in its charter)

Delaware (state or other jurisdiction of incorporation or organization)	38-0387840 (I.R.S. employer identification number)

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

12% Senior Notes Due 2003, Series B
(Title of the indenture securities)

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- ---

Item 1. General Information

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Federal Reserve Bank of New York
33 Liberty Street, New York, NY 10045

State of New York Banking Department
2 Rector Street, New York, NY 10006

(b) Whether it is authorized to exercise corporate trust powers.

The Trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with the Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

The obligor is not an affiliate of the trustee.

Item 16. List of Exhibits.

List below all exhibits filed as part of this statement as eligibility.

1. Copy of Organization Certificate of Bank of Montreal Trust Company to transact business and exercise corporate trust powers; incorporated herein by reference as Exhibit "A" filed with Form T-1 Statement, Registration No. 33-46118.

2. Copy of the existing By-Laws of Bank of Montreal Trust Company; incorporated herein by reference as Exhibit "B" filed with Form T-1 Statement, Registration no. 33-80928.

3. The consent of the Trustee required by Section 321(b) of the Act; incorporated herein by reference as Exhibit "C" with Form T-1 Statement, Registration No. 33-46118.

4. A copy of the latest report of condition of Bank of Montreal Trust Company published pursuant to law or the requirements of its supervising or examining authority, attached hereto as Exhibit "D".

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, Bank of Montreal Trust Company, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York, and State of New York, on the 8th day of April, 1996.

BANK OF MONTREAL TRUST COMPANY

BY /s/ Amy Roberts
Amy Roberts
Assistant Vice President

STATEMENT OF CONDITION
BANK OF MONTREAL TRUST COMPANY
NEW YORK

ASSETS

Due From Banks	$1,570,159
Investment Securities:	
State & Municipal	17,025,354
Other	100
Total Securities	17,025,454
Loans and Advances	
Federal Funds Sold	12,000,000
Overdrafts	(336,057)
Total Loans and Advances	11,663,943
Investment in Harris Trust, NY	6,656,129
Premises and Equipment	509,422
Other Assets	2,494,863
TOTAL ASSETS	$39,919,970

LIABILITIES

Trust Deposits	$ 9,859,384
Other Liabilities	9,239,409
TOTAL LIABILITIES	19,098,793

CAPITAL ACCOUNTS

Capital Stock, Authorized, Issued and Fully Paid - 10,000 Shares of $100 Each	1,000,000
Surplus	4,222,188
Retained Earnings	15,510,844
Equity - Municipal Gain/Loss	88,145
TOTAL CAPITAL ACCOUNTS	20,821,177
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$39,919,970

I, Mark F. McLaughlin, Vice President, of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Mark F. McLaughlin
December 31, 1995

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declared that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Sanjiv Tandon
Kevin O. Healey
Steven R. Rothbloom

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- ---

A/B EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

Dated as of March 29, 1996

by and among

UNISYS CORPORATION,

BEAR, STEARNS & CO. INC.,

and

MERRILL LYNCH & CO.

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- ---

This Exchange and Registration Rights Agreement (this "Agreement") is made and entered into as of March 29, 1996 by and among Unisys Corporation ("Unisys"), Bear, Stearns & Co. Inc. ("Bear Stearns") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch" and together with Bear Stearns, the "Purchasers").

Pursuant to the Purchase Agreement, dated March 22, 1996 (the "Purchase Agreement"), by and among Unisys and the Purchasers, the Purchasers have agreed to purchase the aggregate principal amount of Unisys 12% Senior Notes due 2003 (the "Series A Notes") set forth on Schedule I thereto.

In order to induce the Purchasers to purchase the Series A Notes, Unisys has agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Purchasers set forth in Section 2 of the Purchase Agreement.

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day except a Saturday, Sunday or other day in the City of New York on which banks are authorized to close.

Closing Date: The date of this Agreement.

Commission: The Securities and Exchange Commission.

Consummate: A Registered Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Series B Notes to be issued in the Exchange Offer, (ii) the maintenance of such Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof, and (iii) the delivery by Unisys to the Trustee under the Indenture of Series B Notes in the same aggregate principal amount as the aggregate principal amount of Series A Notes that were validly tendered by Holders thereof pursuant to the Exchange Offer.

Damages Payment Date: With respect to the Series A Notes, each Interest Payment Date.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The registration by Unisys under the Act of the Series B Notes pursuant to a Registration Statement pursuant to which Unisys offers the Holders of all outstanding Transfer Restricted Securities the opportunity to exchange all such outstanding Transfer Restricted Securities held by such Holders for Series B Notes in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Securities validly tendered in such exchange offer by such Holders.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exempt Resales: The transactions in which the Purchasers propose to sell the Series A Notes to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act, and to certain institutional "accredited investors," as such term is defined in Rule 501(a)(1), (2), (3) and (7) of Regulation D under the Act ("Accredited Institutions").

Holders: As defined in Section 2(b) hereof.

Indenture: The Indenture, dated as of March 29, 1996 between Unisys and Bank of Montreal Trust Company, as trustee (the "Trustee"), pursuant to which the Securities are to be issued, as such Indenture is amended or supplemented from time to time in accordance with the terms thereof.

Interest Payment Date: As defined in the Indenture and the Securities.

Liquidated Damages: As defined in Section 5 hereof.

NASD: National Association of Securities Dealers, Inc.

Paying Agent: As defined in the Indenture.

Person: An individual, partnership, corporation, limited liability company, joint venture, association, trust or other organization whether or not a legal entity, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Purchasers: As defined in the preamble hereto.

Record Holder: With respect to any Damages Payment Date relating to the Securities, each Person who is a Holder of the Securities on the record date with respect to the Interest Payment Date on which such Damages Payment Date shall occur.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of Unisys relating to (a) an offering of Series B Notes pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, which is filed pursuant to the provisions of this Agreement, in each case, including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Securities: The Series A Notes and Series B Notes.

Series B Notes: Unisys 12% Senior Notes due 2003 to be issued pursuant to the Indenture in the Exchange Offer.

Shelf Filing Deadline: As defined in Section 4 hereof.

Shelf Registration: A registration effected by the filing of a Shelf Registration Statement pursuant to Section 4 hereof.

Shelf Registration Statement: As defined in Section 4 hereof.

TIA: The Trust Indenture Act of 1939 as in effect on the date of the Indenture.

Transfer Restricted Securities: Each of the Securities, until the earliest to occur, with respect to a particular Security, of (a) the date on which such Security is exchanged in the Exchange Offer and entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (b) the date on which such Security has been effectively registered under the Act and disposed of in accordance with a Shelf Registration Statement, (c) the date on which such Security may be distributed to the public pursuant to Rule 144 under the Act (or any similar provision then in force, but not Rule 144A) or by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including delivery of the Prospectus contained therein) or (d) the date such Security ceases to be outstanding.

Underwritten Registration or Underwritten Offering: A registration in which securities of Unisys are sold to an underwriter for reoffering to the public.

SECTION 2. SECURITIES SUBJECT TO THIS AGREEMENT

(a) Transfer Restricted Securities. The Securities entitled to the benefits of this Agreement are the Transfer Restricted Securities.

(b) Holders of Transfer Restricted Securities. A Person is deemed to be a holder of Transfer Restricted Securities (each, a "Holder") whenever such Person owns Transfer Restricted Securities.

SECTION 3. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permissible under applicable law or Commission policy (so long as the procedures set forth in Section 6(a) below are being or have been complied with), Unisys shall (i) cause to be filed with the Commission not later than 30 days after the Closing Date, the Exchange Offer Registration Statement under the Act relating to the Series B Notes and the Exchange Offer, (ii) use its best efforts to cause such Exchange Offer Registration Statement to be declared effective by the Commission at the earliest practicable time, but not later than 135 days after the Closing Date, (iii) in connection with the foregoing, file (A) all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause such Exchange Offer Registration Statement to become effective, (B) if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings in connection with the registration and qualification of the Series B Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer (subject to the limitations set forth in Section 6(c)(xii)), and (iv) upon the effectiveness of such Registration Statement, commence the Exchange Offer. The Exchange Offer shall be on an appropriate form permitting registration of the

Series B Notes to be offered in exchange for the Transfer Restricted Securities and to permit resales of Securities held by Broker-Dealers (other than unsold allotments held by the Purchasers) as contemplated by Section 3(c) below. If, after such Exchange Offer Registration Statement initially is declared effective by the Commission, the Exchange Offer or the issuance of Series B Notes thereunder or the sale of Transfer Restricted Securities pursuant thereto as contemplated by Section 3(c) below is interfered with by any stop order, injunction or other order or requirement of the Commission or any other governmental agency or court, such Exchange Offer Registration Statement shall be deemed not to have become effective for purposes of this Agreement during the period that such stop order, injunction or other similar order or requirement shall remain in effect.

(b) Unisys shall use its best efforts to cause the Exchange Offer Registration Statement to be effective continuously and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. Unisys shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Securities shall be included in the Exchange Offer Registration Statement. Unisys shall use its best efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but not later than 30 days thereafter.

(c) Unisys shall indicate in a "Plan of Distribution" section contained in the Prospectus included in the Exchange Offer Registration Statement that any Broker-Dealer who holds Series A Notes that are Transfer Restricted Securities and that were acquired for its own account as a result of market-making activities or other trading activities (other than Transfer Restricted Securities acquired directly from Unisys), may exchange such Series A Notes pursuant to the Exchange Offer; provided, however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with any resales of the Series B Notes received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement. Such "Plan of Distribution" section shall also contain all other information with respect to such resales by Broker-Dealers that Unisys believes, based upon the advice of counsel, that the Commission may require in order to permit such resales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Securities held by any such Broker-Dealer except to the extent required by the Commission.

To the extent any such Broker-Dealer participates in the Exchange Offer and notifies Unisys, or causes Unisys to be notified in writing, that it is a participating Broker-Dealer, Unisys shall use its reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) below to the extent necessary to ensure that it is available for resales of Securities acquired by Broker-Dealers for their own accounts as a result of market-making activities or other trading activities, and to ensure that it conforms with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for the lesser of (i) a period of six months from the date on which the Exchange Offer Registration Statement is declared effective and (ii) such period of time as such Broker-Dealers must comply with the prospectus delivery requirements of the Act in order to resell the Series B Notes received in exchange for Series A Notes acquired for their own account as a result of such market-making or other trading activities; provided, however, that Unisys may, at any time, delay or suspend the effectiveness of the Exchange Offer Registration Statement or, without suspending such effectiveness, instruct any Broker-Dealer that intends to use the Prospectus included in the Exchange Offer Registration Statement to resell

the Series B Notes not to utilize such Prospectus, if Unisys has determined in good faith (as evidenced by a resolution of the Board of Directors delivered to the Holders) that proceeding with the Registration at such time may have a material adverse effect on Unisys and its subsidiaries, taken as a whole, or Unisys shall have determined upon the advice of counsel that it would be required to disclose any actions taken by it in good faith and for valid business reasons (including, but not limited to, the acquisition or divestiture of assets or a material financing), which disclosure may have a material adverse effect on Unisys and its subsidiaries, taken as a whole, or on such actions (an "Exchange Offer Suspension Period") by providing the Broker-Dealer Holders with written notice of such Exchange Offer Suspension Period. If the Exchange Offer Suspension Period in any 12 month period exceeds 20 days in the aggregate, then the period in which the Exchange Offer Registration Statement is required to remain effective shall be increased by the number of days by which the Exchange Offer Suspension Period exceeds 20 days (but in no event beyond the period during which such Holders which are Broker-Dealers must comply with the prospectus delivery requirements of the Act in order to resell the Series B Notes).

Unisys shall provide sufficient copies of the latest version of such Prospectus to Broker-Dealers promptly upon reasonable request at any time during such period in order to facilitate such resales. The Purchasers shall use reasonable efforts to ensure that Broker-Dealers effecting such resales shall cooperate with Unisys in responding to inquiries by Unisys as to whether such Series B Notes have been disposed of pursuant to such Prospectus.

Upon the Consummation of the Exchange Offer in accordance with this Section 3, subject to Section 4(a), Unisys shall have no further obligation to register Transfer Restricted Securities pursuant to Section 4 of this Agreement; provided that the other provisions of this Agreement shall continue to apply as set forth in such provisions.

SECTION 4. SHELF REGISTRATION

(a) Shelf Registration. If (i) Unisys is not required to file an Exchange Offer Registration Statement or to consummate the Exchange Offer because the Exchange Offer is not permitted by applicable law or Commission policy (so long as the procedures set forth in Section 6(a) below are being or have been complied with) or would violate an order of a governmental agency or court of competent jurisdiction or an action or proceeding is pending before any such governmental agency or court claiming that Consummation of the Exchange Offer would violate applicable laws, (ii) any Holder of Transfer Restricted Securities shall notify Unisys prior to the Consummation of the Exchange Offer (but in no event more than 135 days after the Closing Date) that, based upon advice of counsel, (A) such Holder is prohibited by a change in applicable law or Commission policy from participating in the Exchange Offer, or (B) such Holder may not resell the Series B Notes to be acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder, or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from Unisys or an affiliate of Unisys or (iii) the Exchange Offer is not Consummated or Unisys reasonably determines in good faith, after conferring with counsel, that the Commission is unlikely to permit Consummation of the Exchange Offer within the time period set forth in Section 3(a) (so long as, in either case, the procedures set forth in Section 6(a) below are being or have been complied with), then Unisys shall:

(x) cause to be filed a shelf registration statement pursuant to Rule 415 under the Act, which, if the Commission so allows, may be an amendment to the Exchange Offer Registration

Statement (in either event, the "Shelf Registration Statement") on or prior
to the 30th day after the obligation to file such Shelf Registration Statement arises (but in no event earlier than 30 days) after the Closing Date), the "Shelf Filing Deadline"), which Shelf Registration Statement shall provide for resales of (I) all Transfer Restricted Securities in the case of clause (a)(i) or (a)(iii) above and (II) all Transfer Restricted Securities the Holders of which are prohibited from participating in the Exchange Offer or reselling Series B Notes under clauses (A), (B) or (C) of clause (a)(ii) above, the Holders of which, in the case of Transfer Restricted Securities referred to in either clause (I) or (II), shall have provided the information required pursuant to Section 4(b) hereof; and

(y) use their best efforts to cause such Shelf Registration Statement to be declared effective by the Commission on or before the 135th day after the obligation to file such Shelf Registration Statement arises (but in no event earlier than 165 days after the Closing Date).

Unisys shall use its best efforts to keep such Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for resales of Securities by the Holders of Transfer Restricted Securities entitled to the benefit of this Section 4(a), and to ensure that it conforms with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least three years following the Closing Date or for such shorter period which shall terminate when all of the Transfer Restricted Securities covered by the Shelf Registration Statement are sold pursuant to the Shelf Registration Statement, are no longer Transfer Restricted Securities or are no longer outstanding; provided, however, that Unisys may, at any time, delay the filing of or delay or suspend the effectiveness of the Shelf Registration Statement or, without suspending such effectiveness, instruct the Holders of the Securities included in the Shelf Registration Statement not to sell any Securities included in the Shelf Registration Statement pursuant thereto, if (i) Unisys has determined in good faith (as evidenced by a resolution of the Board of Directors delivered to the Holders) that proceeding with the Registration at such time may have a material adverse effect on Unisys and its subsidiaries, taken as a whole, or Unisys shall have determined upon the advice of counsel that it would be required to disclose any actions taken by it in good faith and for valid business reasons (including, but not limited to, the acquisition or divestiture of assets or a material financing), which disclosure may have a material adverse effect on Unisys and its subsidiaries, taken as a whole, or on such actions (a "Shelf Registration Suspension Period") by providing the Holders of Securities included in the Shelf Registration Statement with written notice of such Shelf Registration Suspension Period. (The Shelf Registration Suspension Period and the Exchange Offer Suspension Period are sometimes referred to collectively herein as the "Suspension Periods" and individually as a "Suspension Period").

Upon the filing of a Shelf Registration Statement filed in accordance with this Section 4, Unisys shall have no further obligation to register Series B Notes in an Exchange Offer pursuant to Section 3 of this Agreement; provided that the other provisions of this Agreement shall continue to apply as set forth in such provisions.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to Unisys in writing, within 10 Business Days after receipt of a request therefor, such information as Unisys may reasonably request specified in Item 507 and Item 508 of Regulation S-K

under the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to Unisys without request, all information required to be disclosed in order to make the information previously furnished to Unisys by such Holder not materially misleading and shall promptly supply such other information as Unisys may from time to time reasonably request. No Holder of Transfer Restricted Securities shall be entitled to Liquidated Damages pursuant to Section 5 hereof unless and until such Holder shall have used its best efforts to provide all such reasonably requested information.

SECTION 5. LIQUIDATED DAMAGES

(a) If Unisys fails to file on or before the date specified for such filing pursuant to Section 3 or 4 hereof, or fails to cause to become effective on or before the date specified for such effectiveness pursuant to Section 3 or 4 hereof, the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, or fails to Consummate the Exchange Offer within 30 days after effectiveness, or (subject to Section 4(a)), the Shelf Registration Statement is declared effective but thereafter ceases to be effective in connection with resales of the Transfer Restricted Securities (each such event, a "Registration Default"), then Unisys agrees to pay to each holder of Transfer Restricted Securities accruing from the date of such Registration Default (or if such Registration Default has been cured, from the date of the next Registration Default), liquidated damages in an amount equal to one-quarter of one percent (0.25%) per annum of the principal amount of Transfer Restricted Securities held by such holder during the first 90-day period immediately following the occurrence of the first such Registration Default, increasing by an additional one-quarter of one percent (0.25%) per annum of the principal amount of such Transfer Restricted Securities during each subsequent 90-day period, up to a maximum amount of liquidated damages equal to one percent (1.0%) per annum of the principal amount of such Transfer Restricted Securities ("Liquidated Damages"), and ceasing to accrue on the date such Registration Default has been cured by, as applicable, the filing, declaration of effectiveness or withdrawal of suspension of effectiveness of the applicable registration statement. Unisys shall notify the Trustee within one Business Day after (i) each and every Registration Default and (ii) the date the Registration Default has been so cured. Until the Trustee and the Paying Agent have received an Officers' Certificate from Unisys to the effect that all Liquidated Damages then due have been paid in full, Unisys (in respect of any interest payment date) shall pay Liquidated Damages then due by depositing with the Trustee, in trust, for the benefit of the affected holders of Transfer Restricted Securities, on or before the applicable semi-annual interest payment date, immediately available funds in sums sufficient to pay the Liquidated Damages then due and provide to the Trustee and the Paying Agent a list of holders entitled to Liquidated Damages together with the amount of cash such holder is due. The Liquidated Damages amount due shall be payable as additional interest (from funds received pursuant to such deposit) on each interest payment date to the record holder of Transfer Restricted Securities entitled to receive the interest payment to be made on such date as set forth in the Indenture.

All obligations of Unisys set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such Security shall have been satisfied in full.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, Unisys shall comply with all of the provisions of Section 6(c) below, shall use its best efforts to effect such exchange to permit the sale of Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and shall comply with all of the following provisions:

(i) If in the reasonable opinion of counsel to Unisys there is a question as to whether the Exchange Offer is permitted by applicable federal law or a policy of the Commission, Unisys hereby agrees to seek a no-action letter or other favorable decision from the Commission, including oral advice from the staff of the Commission, allowing Unisys to Consummate an Exchange Offer for such Series A Notes. Unisys hereby agrees to pursue the issuance of such a decision to the Commission staff level but shall not be required to take commercially unreasonable action to effect a change of Commission policy. In connection with the foregoing, Unisys agrees, however, to (A) participate in telephonic conferences with the Commission, (B) deliver to the Commission staff an analysis prepared by counsel to Unisys setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursue a resolution (which need not be favorable and which need not be a written resolution) by the Commission staff of such submission.

(ii) As a condition to its participation in the Exchange Offer pursuant to the terms of this Agreement, each Holder of Transfer Restricted Securities shall furnish, upon the request of Unisys prior to the Consummation thereof, a written representation to Unisys (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of Unisys (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution (within the meaning of the Act) of the Series B Notes to be issued in the Exchange Offer and stating the amount of Transfer Restricted Securities held by such holder prior to the Exchange Offer and the amount of Transfer Restricted Securities owned by such holder to be exchanged in the Exchange Offer and (C) it is acquiring the Series B Notes in its ordinary course of business. Each Holder hereby acknowledges and agrees that any affiliate of Unisys, any Broker-Dealer who acquired Series A Notes directly from Unisys or any affiliate of Unisys and any such Holder intending to use the Exchange Offer to participate in a distribution of the securities to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, Unisys shall provide a supplemental letter to the Commission (A) stating that Unisys is registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation

that Unisys has not entered into any arrangement or understanding with any Person to distribute the Series B Notes to be received in the Exchange Offer and that, to the best of Unisys information and belief, each Holder participating in the Exchange Offer is acquiring the Series B Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Series B Notes received in the Exchange Offer, and (C) including any other understanding or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, Unisys shall comply with all the provisions of Section 6(c) below and shall use its best efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto Unisys will as expeditiously as practicable prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities (including, without limitation, any Registration Statement and the related Prospectus required to permit resales of Securities by Broker-Dealers), Unisys shall:

(i) use its best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable (subject to any Suspension Period); upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, Unisys shall file promptly an appropriate amendment to such Registration Statement, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use its best efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purpose(s) as soon as reasonably practicable thereafter;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep the Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof (subject to any Suspension Period), as applicable, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been, as applicable, exchanged or sold or until such Transfer Restricted Securities no longer constitute Transfer Restricted Securities or are no longer outstanding; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise the underwriter(s), if any, and selling Holders promptly and, if requested by such Persons, to confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration

Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading or (E) of Unisys determination that, based upon advice of counsel, a post-effective amendment to a Registration Statement would be appropriate. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, Unisys shall use its best efforts to obtain the withdrawal or lifting of such order at the earliest practicable time;

(iv) furnish to the Purchasers, each selling Holder named in any Registration Statement or Prospectus and each of the underwriter(s) in connection with such sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus, which documents will be subject to the review of such Holders and underwriter(s) in connection with such sale, if any, for a period of at least five Business Days, and Unisys will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus to which a selling Holder of Transfer Restricted Securities covered by such Registration Statement or the underwriter(s) in connection with such sale, if any, shall reasonably object in writing within five Business Days after the receipt thereof; provided, however, that a Holder may only object to disclosure regarding such Holder. A selling Holder's or underwriter's objection to such filing, if any, shall be deemed to be reasonable if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission. If Unisys does not receive written notification of an objection within such 5 Business Day period, Unisys shall be permitted to file such Registration Statement or Prospectus, or amendment or supplement thereto;

(v) make available at the offices where normally kept and at reasonable times for inspection by a representative of the selling Holders, any underwriter participating in any disposition pursuant to such Registration Statement, and any single attorney or accountant retained by such representative of the selling Holders or any of the underwriter(s), pertinent financial and other records, pertinent corporate documents and properties of Unisys and cause Unisys officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness; provided, however, that such records, information or documents shall be (i) used only for purposes of compliance with the securities laws and to the extent customary in connection with a due diligence investigation for an offering of debt securities with a similar credit rating to the Securities and (ii) kept strictly confidential by such persons (each of whom will enter into a confidentiality agreement provided by Unisys); and provided further, that appropriate arrangements are made, to the
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extent that (i) such

arrangements are required by applicable anti-trust law or (ii) any such records, information or documents related to pending or proposed acquisitions or dispositions, or to matters reasonably considered by Unisys to constitute sensitive or proprietary information, to limit access to such records, information or documents to representatives of only such Holders who are not competitors of Unisys, such representatives not being officers, employees, or affiliates or agents (other than attorneys) of any Holder; and provided further that, without limiting the foregoing, no such records, information or documents shall be used by any person or entity obtaining access thereto in connection with any market transactions in securities of Unisys in violation of law; and provided further that Unisys shall not be required to provide any information to the Holders or the underwriters that Unisys is prohibited by law from disclosing;

(vi) if requested by any selling Holders or the underwriter(s) in connection with such sale, if any, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and such underwriter(s), if any, may reasonably request to have included therein, including, without limitation (in the case of underwriters) and solely with respect to (in the case of selling Holders), information relating to the "Plan of Distribution" of the Transfer Restricted Securities, information with respect to the principal amount of Transfer Restricted Securities being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the Transfer Restricted Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after Unisys is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(vii) furnish to each selling Holder and each of the underwriter(s), if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, and make available all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(viii) deliver to each selling Holder and each of the underwriter(s) in connection with such sale, if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; Unisys hereby consents to the use of the Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(ix) in the case of the Shelf Registration Statement, enter into such agreements (including an underwriting agreement), and make such representations and warranties, and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to such Shelf Registration Statement contemplated by this Agreement, all to such extent as may be customarily and reasonably requested by Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in such Shelf Registration Statement (if not an Underwritten Offering) or any managing underwriter if an Underwritten Offering in connection with any sale or resale pursuant to such Shelf Registration Statement contemplated by this Agreement; and whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, Unisys shall:

(A) furnish to each selling Holder (if not an Underwritten Offering) and each underwriter (if an Underwritten Offering), in such substance and scope as they may reasonably request and

as are customarily made by issuers to underwriters in primary underwritten offerings, upon the effectiveness of the Shelf Registration Statement:

(1) with regard to not more than one Underwritten Offering (opinions of counsel required to be filed as Exhibit 5 to any registration statement being excluded from this limitation), opinions, dated the date of effectiveness of the Shelf Registration Statement, of counsel for Unisys, in form and substance reasonably satisfactory to the managing underwriter or, if not an Underwritten Offering, Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in the Shelf Registration Statement and covering the matters customarily covered in opinions requested in Underwritten Offerings (such custom being evidenced in scope by Exhibit B to the Purchase Agreement but taking into account the unregistered nature of the offering to which such Exhibit B relates) and in any event including a statement to the effect that such counsel has participated in the preparation of such Shelf Registration Statement and the related Prospectus, and that such counsel advises that, on the basis of the foregoing and without independent investigation or verification (relying as to factual matters and materiality to a large extent upon the judgment of officers and other representatives of Unisys), no facts came to such counsel's attention that caused such counsel to believe that the Shelf Registration Statement, at the time such Shelf Registration Statement became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Shelf Registration Statement as of its date contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial or statistical data included in such Shelf Registration Statement contemplated by this Agreement or the related Prospectus; all opinions provided pursuant to this paragraph shall be dated as of a single date and no updates thereof shall be required. Unisys shall have no other obligation to deliver any legal opinions (excluding Exhibit 5 opinions) under or in connection with this Agreement; and

(2) with regard to not more than one Underwritten Offering, obtain a single "cold comfort" letter and a single update thereto not later than two weeks after the date of the original letter (or if not available under applicable accounting pronouncements or standards, a single "procedures" letter and a single update thereto) from the Company's independent certified public accountants addressed to the underwriter(s) of the Underwritten Offering and use reasonable efforts to have such letter addressed to the selling Holders of Transfer Restricted Securities (provided that such letter need not be addressed to any Holders to whom, in the reasonable opinion of the Company's independent certified public accountants, addressing such letter is not permissible under applicable accounting standards), such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" (or "procedures") letters to underwriters in connection with similar underwritten offerings; provided, however, that except as set forth in this paragraph (2), Unisys shall have no obligation to deliver any "cold comfort" or "procedures" letters or any updates thereto under or in connection with this Agreement;

(B) set forth in full or incorporate by reference in the underwriting agreement, if any, the indemnification provisions and procedures of Section 8 hereof with respect to all parties to be indemnified pursuant to said Section; and

(C) deliver such other documents and certificates as may be reasonably requested by the managing underwriter or, if not an Underwritten Offering, Holders of a majority of the aggregate principal amount of the Transfer Restricted Securities included in such Shelf Registration Statement to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by Unisys pursuant to this clause (ix), if any;

(x) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders or underwriter(s), if any, may reasonably request and do any and all other acts or things reasonably necessary or advisable (including, without limitation, the imposition of such restrictions on offers or sales of the Securities as are referred to in paragraph 3(b) of this Agreement) to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that Unisys shall not be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to service of process in suits or to taxation, except for service of process with respect to the offering and sale of the Transfer Restricted Securities in any jurisdiction where it is not now so subject;

(xi) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with, the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and in such names as the Holders or the underwriter(s), if any, may request at least two Business Days prior to such sale of Transfer Restricted Securities made by such underwriter(s);

(xii) if any fact or event contemplated by Section 6(c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading;

(xiii) use its best efforts to provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of the Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(xiv) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of the NASD;

(xv) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to Holders, as soon as reasonably practicable, a consolidated earnings statement meeting the requirements of Rule 158 under the Act (which need not be audited) covering a twelve-month period (A) beginning at the end of any fiscal quarter in which Transfer Restricted Securities are sold to underwriters in a firm or best efforts Underwritten Offering or (B) if not sold to underwriters in such an offering, commencing with the first month of Unisys first fiscal quarter commencing after the effective date of the Registration Statement;

(xvi) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement, and, in connection therewith, cooperate, with the Trustee and the Holders of Securities to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute, and use its best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xvii) provide promptly to each Holder upon request each document filed with the Commission pursuant to the requirements of Section 13 or Section 15 of the Exchange Act.

(d) Restrictions on Holders. Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice from Unisys of the existence of any fact of the kind described in Section 6(c)(iii)(B), (C), (D) or (E) hereof or during a Suspension Period, such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xii) hereof, or until it is advised in writing (the "Advice") by Unisys that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by Unisys, each Holder will deliver to Unisys (at Unisys expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such notice. In the event Unisys shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 6(c)(iii)(B), (C), (D) or (E) hereof to and including the date when each selling Holder covered by such Registration Statement shall have received the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xii) hereof or shall have received the Advice (which such extension shall be the Holders' sole remedy hereunder).

SECTION 7. REGISTRATION EXPENSES

(a) All expenses incident to Unisys performance of or compliance with this Agreement will be borne by Unisys, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses (including filings made by any Purchaser or Holder with the NASD); (ii) all fees and expenses incurred in connection with compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the Series B Notes to be issued in the Exchange Offer and printing of Prospectuses); (iv) in accordance with Section 7(b) below, the reasonable fees and disbursements of counsel for the Holders of Transfer Restricted Securities; and (v) all reasonable fees and disbursements of independent certified public

accountants of Unisys (including the expenses of any special audit and comfort letters required by or incident to such performance); provided, however, that in no event shall Unisys be responsible for any underwriting discounts, commissions or fees attributable to the sale or other disposition of Transfer Restricted Securities.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), Unisys will reimburse the Purchasers and the Holders of Transfer Restricted Securities being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements (not to exceed $25,000) of not more than one counsel, which shall be Simpson Thacher & Bartlett (a partnership which includes professional corporations) or such other counsel as may be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 8. INDEMNIFICATION

(a) Unisys agrees to indemnify and hold harmless, to the fullest extent permitted by law, each of the Holders and each person, if any, who controls any Holder within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against any and all losses, liabilities, claims, damages and reasonable expenses whatsoever (including but not limited to reasonable attorneys' fees and any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in a Registration Statement or Prospectus, or in any supplement thereto or amendment thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that Unisys will not be liable in any such case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made (i) therein in reliance upon and in conformity with written information furnished to Unisys by or on behalf of the Holders expressly for use therein; (ii) in a preliminary Prospectus, if (x) the final Prospectus corrected such untrue or alleged untrue statement or omission and (y) the Holder had previously been furnished with copies of the final Prospectus and failed to send or deliver a copy of the final Prospectus with or prior to delivery of written confirmation of the sale of the Securities to the Person asserting the claim from which such loss, liability, claim, damage or expense arises; or (iii) in a Prospectus, if (x) such untrue or alleged untrue statement or omission is corrected in an amendment or supplement to the Prospectus and (y) having previously been furnished with copies of the Prospectus as amended or supplemented, such Holder was legally required to and thereafter failed to deliver such Prospectus as amended or supplemented, prior to or concurrently with the sale of the Securities to the Person asserting the claim from which such loss, liability, claim, damage or expense arises.

(b) Each of the Holders agrees to indemnify and hold harmless Unisys and each person, if any, who controls Unisys within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act,

against any and all losses, liabilities, claims, damages and reasonable expenses whatsoever (including but not limited to reasonable attorneys' fees and any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement. In no event shall the liability of any such Holder hereunder be greater in amount that the dollar amount of the proceeds received by such Holder upon the sale of the Securities giving rise to such indemnification obligation. This indemnity will be in addition to any liability which any Holder may otherwise have, including, under this Agreement.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify each party against whom indemnification is to be sought in writing of the commencement thereof (but the failure so to notify an indemnifying party shall not relieve it from any liability which it may have under this Section 8 except to the extent that it has been prejudiced in any material respect by such failure or from any liability which it may otherwise have). In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party. Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by the indemnifying parties in connection with the defense of such action, (ii) the indemnifying parties shall not have employed counsel to have charge of the defense of such action within a reasonable time after notice of commencement of the action, or (iii) such indemnified party or parties shall have reasonably concluded, upon the advice of counsel, that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such reasonable fees and expenses of counsel shall be borne by the indemnifying parties; provided, however, that the indemnifying party under subsection (a) or (b) above, shall only be liable for the legal expenses of one counsel for all indemnified parties in each jurisdiction in which any claim or action is brought. Anything in this subsection to the contrary notwithstanding, an indemnifying party shall not be liable for any settlement of any claim or action effected without its written consent; provided, however, that such consent was not unreasonably withheld.

(d) In order to provide for contribution in circumstances in which the indemnification provided for in this Section 8 is for any reason held to be unavailable (other than as a result of the indemnifying party not having received notice as provided in Section 8(c)) from Unisys or any Holder or is insufficient to hold harmless a party indemnified thereunder, Unisys and each Holder shall contribute to the aggregate losses, claims, damages, liabilities and expenses of the nature contemplated by such indemnification provision (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting in the case of losses, claims, damages, liabilities and expenses suffered by Unisys, any contribution received by Unisys from persons, other than the Holders, who may also be liable for contribution,

including persons who control Unisys within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act) to which Unisys and any Holder may be subject, in such proportion as is appropriate to reflect the relative benefits received by Unisys, on the one hand, from the offering of the Securities and any such Holder, on the other hand, from its sale of Securities or, if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to above but also the relative fault of Unisys, on the one hand, and the Holders, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by Unisys, on the one hand, and any Holder, on the other hand, shall be deemed to be in the same proportion as (x) the total proceeds from the initial offering of the Securities to the Initial Purchasers (net of discounts but before deducting expenses) received by Unisys and (y) the total proceeds received by such Holder upon its sale of Securities which would otherwise give rise to the indemnification obligation, respectively. The relative fault of Unisys, on the one hand, and of the Holders, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by Unisys or the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. Unisys and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above. Notwithstanding the provisions of this Section 8, (i) no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total received by such Holder with respect to the sale of its Securities exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, (A) each person, if any, who controls a Holder within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act and (B) the respective officers, directors, partners, employees, representatives and agents of a Holder or any controlling person shall have the same rights to contribution as such Holder, and each person, if any, who controls Unisys within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act shall have the same rights to contribution as Unisys, subject in each case to clauses (i) and (ii) of this Section 8(d). Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 8, notify such party or parties from whom contribution may be sought, but the failure to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any obligation it or they may have under this Section 8 or otherwise (except to the extent materially prejudiced).

SECTION 9. RULE 144A

Unisys hereby agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding, to make available to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A.

SECTION 10. UNDERWRITTEN REGISTRATIONS

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

SECTION 11. SELECTION OF UNDERWRITERS

The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in such offering; provided, that such investment bankers and managers must be approved by Unisys (it being understood that Bear, Stearns & Co. Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated have been so approved); such investment bankers and manager or managers are referred to herein as the "underwriters."

SECTION 12. MISCELLANEOUS

(a) Remedies. Each Holder, in addition to being entitled to exercise all rights provided herein, in the Indenture, the Purchase Agreement or granted by law, including recovery of liquidated or other damages, will be entitled to specific performance of its rights under this Agreement, except to the extent that the Agreement otherwise provides for Liquidated Damages for a violation. Unisys agrees that monetary damages (other than the Liquidated Damages contemplated hereby) would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance (other than in connection with a breach or an alleged breach for which Liquidated Damages are otherwise provided) that a remedy at law would be adequate.

(b) No Inconsistent Agreements. Unisys will not, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of Unisys securities under any agreement in effect on the date hereof.

(c) Adjustments Affecting the Securities. Unisys will not take any action, or permit any change to occur, with respect to the Securities that would materially and adversely affect the ability of the Holders to Consummate any Exchange Offer.

(d) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless Unisys has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities. Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose securities

are being tendered pursuant to the Exchange Offer or registered pursuant to the Shelf Registration and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer or registered pursuant to the Shelf Registration may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities being tendered or registered, as applicable.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to Unisys:

Unisys Corporation
P.O. Box 500
Township Line and Union
Meeting Roads
Blue Bell, Pennsylvania 19424
Phone No.: (215) 986 - 4011
Telecopier No.: (215) 986 - 3889
Attention: General Counsel

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without limitation, and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; provided, however, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Securities from such Holder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement together with the other Operative Documents (as defined in the Purchase Agreement) is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by Unisys with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

UNISYS CORPORATION

By: /s/ Edward A. Blechschmidt

Name: Edward A. Blechschmidt
Title: Senior Vice President, Chief Financial Officer and Controller

Bear, Stearns & Co. Inc.
Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated

By: Bear, Stearns & Co. Inc.

By: /s/ J. Andrew Bugas

J. Andrew Bugas

Senior Managing Director