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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2008

or

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

For the transition period from __________ to __________.

Commission file number: 1-8729

UNISYS CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

None

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

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

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

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

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

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

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

Aggregate market value of the voting and non-voting common equity held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter: approximately $1.4 billion.

The amount shown is based on the closing price of Unisys Common Stock as reported on the New York Stock Exchange composite tape on June 30, 2008. Voting stock beneficially held by officers and directors is not included in the computation. However, Unisys Corporation has not determined that such individuals are "affiliates" within the meaning of Rule 405 under the Securities Act of 1933.

Number of shares of Unisys Common Stock, par value $.01, outstanding as of December 31, 2008: 369,887,575

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Unisys Corporation's annual report to stockholders for the year ended December 31, 2008 are incorporated by reference into Part I, Part II and Part IV hereof.

Portions of Unisys Corporation's Definitive Proxy Statement for the 2009 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

PART I

ITEM 1. BUSINESS

General

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

We operate in two business segments – Services and Technology. Financial information concerning the two segments can be found in Note 16, "Segment information", of the Notes to Consolidated Financial Statements appearing in our annual report to stockholders for the year ended December 31, 2008 (the "Unisys 2008 Annual Report to Stockholders"), and such information is incorporated herein by reference.

Principal Products and Services

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

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

- In outsourcing, we manage a customer's data centers and end-user environments as well as specific business processes, such as check processing, insurance claims processing, health claims processing, mortgage administration, citizen registry and cargo management.
- In systems integration and consulting, we design and develop innovative solutions for specific industries – such as check processing systems, public welfare systems, airline reservations and communications messaging solutions.
- In infrastructure services, we design and support customers' IT infrastructure, including their networks, desktops, servers, and mobile and wireless systems.
- In core maintenance, we provide maintenance of Unisys proprietary products.

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

To drive future growth, Unisys is focusing its resources and investments in four targeted, high-potential market areas: security (including IT security and physical security); data center transformation and outsourcing services; end-user outsourcing and support services; and applications modernization and outsourcing services.

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

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

Materials

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

Patents, Trademarks and Licenses

Unisys owns over 1,500 active U.S. patents and over 300 active patents granted in 19 non-U.S. jurisdictions. These patents cover systems and methods related to a wide variety of technologies, including, but not limited to computing systems, relational database management, information storage, device/circuit manufacture and design, imaging, data compression and document recognition/handling. We have granted licenses covering both single patents, and particular groups of patents to others. Likewise, we have active licensing agreements granting us rights under patents owned by other entities. However, our business is not materially dependent upon any single patent, patent license, or related group thereof.

Unisys also maintains over 60 U.S. trademark and service mark registrations, and over 1,600 additional trademark and service mark registrations in over 120 non-U.S. jurisdictions. These marks are valuable assets used on or in connection with our products and services, and as such are actively monitored, policed and protected by Unisys and its agents.

Seasonality

Our revenue is affected by such factors as the introduction of new products and services, the length of sales cycles and the seasonality of purchases.

Customers

No single customer accounts for more than 10% of our revenue. Sales of commercial products and services to various agencies of the U.S. government represented 17% of total consolidated revenue in 2008. For more information on the risks associated with contracting with governmental entities, see “Factors that may affect future results” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Unisys 2008 Annual Report to Stockholders which is incorporated herein by reference.

Backlog

In the Services segment, firm order backlog at December 31, 2008 was $6.1 billion, compared to $6.9 billion at December 31, 2007. Approximately $2.8 billion (47%) of 2008 backlog is expected to be filled in 2009. Although we believe that this backlog is firm, we may, for commercial reasons, allow the orders to be cancelled, with or without penalty. In addition, funded government contracts included in this backlog are generally subject to termination, in whole or part, at the convenience of the government or if funding becomes unavailable. In such cases, we are generally entitled to receive payment for work completed plus allowable termination or cancellation costs.

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

Competition

Our business is affected by rapid change in technology in the information services and technology industries and aggressive competition from many domestic and foreign companies. Principal competitors are systems integrators, consulting and other professional services firms, outsourcing providers, infrastructure services providers, computer hardware manufacturers and software providers. Our outsourcing services also compete directly with in-house operations in industry and government. We compete primarily on the basis of service, product performance, technological innovation, and price. We believe that our continued focused investment in engineering and research and development, coupled with our sales and marketing capabilities, will have a favorable impact on our competitive position. For more information on the competitive risks we face, see “Factors that may affect future results” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Unisys 2008 Annual Report to Stockholders which is incorporated herein by reference.

Research and Development

Unisys-sponsored research and development costs were $129.0 million in 2008, $179.0 million in 2007, and $231.7 million in 2006.

Environmental Matters

Our capital expenditures, earnings and the competitive position have not been materially affected by compliance with federal, state and local laws regulating the protection of the environment. Capital expenditures for environmental control facilities are not expected to be material in 2009 and 2010.

Employees

At December 31, 2008, we employed approximately 29,000 people worldwide.

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

International and Domestic Operations

Financial information by geographic area is set forth in Note 16, “Segment information”, of the Notes to Consolidated Financial Statements appearing in the Unisys 2008 Annual Report to Stockholders, and such information is incorporated herein by reference.

Available Information

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

EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the executive officers of Unisys as of February 15, 2009 is set forth below.

Name	Age	Position with Unisys
J. Edward Coleman	57	Chairman of the Board and Chief Executive Officer
Patricia A. Bradford	58	Senior Vice President, Worldwide Human Resources
Dominick Cavuoto	55	Senior Vice President; President, Global Industries and Worldwide Strategic Services
Edward Davies	49	Senior Vice President; President, Federal Systems
Anthony P. Doye	52	Senior Vice President; President, Global Outsourcing and Infrastructure Services
Janet Brutschea Haugen	50	Senior Vice President and Chief Financial Officer
Richard C. Marcello	51	Senior Vice President; President, Systems and Technology
Nancy Straus Sundheim	57	Senior Vice President, General Counsel and Secretary
Scott W. Hurley	50	Vice President and Corporate Controller
Scott A. Battersby	50	Vice President and Treasurer
Jack F. McHale	59	Vice President and Investor Relations Officer

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

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

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

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

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

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

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

Mr. Marcello has been Senior Vice President and President, Systems and Technology since 2007. From 2003 until 2006, he was Senior Vice President and General Manager of the Business Critical Servers product line within Enterprise Storage and Servers global business unit at Hewlett Packard. Mr. Marcello has been an officer since 2007.

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

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

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

Mr. McHale has been Vice President and Investor Relations Officer since 1997. From 1989 to 1997, he was Vice President, Investor and Corporate Communications. Mr. McHale has been an officer since 1986.

ITEM 1A. RISK FACTORS

Discussion of risk factors is set forth under the heading "Factors that may affect future results" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Unisys 2008 Annual Report to Stockholders and is incorporated herein by reference.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

As of December 31, 2008, we had 21 major facilities in the United States with an aggregate floor space of approximately 4.4 million square feet, located primarily in California, Michigan, Minnesota, New Jersey, Pennsylvania, Texas, Utah and Virginia. We owned two of these facilities, with aggregate floor space of approximately 1.2 million square feet; 19 of these facilities, with approximately 3.2 million square feet of floor space, were leased to us. Approximately 3.1 million square feet of the U.S. facilities were in current operation, approximately 0.3 million square feet were subleased to others, and approximately 1.0 million square feet were declared surplus with disposition efforts in progress or held in reserve.

As of December 31, 2008, we had 18 major facilities outside the United States with an aggregate floor space of approximately 1.8 million square feet, located primarily in Australia, Belgium, Brazil, Germany, India, Netherlands and the United Kingdom. We owned three of these facilities, with approximately 0.5 million square feet of floor space; 15 of these facilities, with approximately 1.3 million square feet of floor space, were leased to us. Approximately 1.3 million square feet were in current operation, approximately 0.3 million square feet were subleased to others, and approximately 0.2 million square feet were being held in reserve or were declared surplus with disposition efforts in progress.

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

ITEM 3. LEGAL PROCEEDINGS

Information with respect to litigation is set forth in Note 15, "Litigation and contingencies", of the Notes to Consolidated Financial Statements appearing in the Unisys 2008 Annual Report to Stockholders, and such information is incorporated herein by reference.

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

No matters were submitted to a vote of security holders of Unisys during the fourth quarter of 2008.

PART II

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

Unisys Common Stock (trading symbol "UIS") is listed for trading on the New York Stock Exchange and London Stock Exchange. Information on the high and low sales prices for Unisys Common Stock is set forth under the heading "Quarterly financial information" in the Unisys 2008 Annual Report to Stockholders and is incorporated herein by reference. At December 31, 2008, there were approximately 369.9 million shares outstanding and approximately 20,600 stockholders of record. Unisys has not declared or paid any cash dividends on its Common Stock since 1990, and we do not anticipate declaring or paying cash dividends in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

A summary of selected financial data is set forth under the heading "Five-year summary of selected financial data" in the Unisys 2008 Annual Report to Stockholders and is incorporated herein by reference.

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

Management's discussion and analysis of financial condition and results of operations is set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Unisys 2008 Annual Report to Stockholders and is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning market risk is set forth under the heading "Market risk" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Unisys 2008 Annual Report to Stockholders and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report, management performed, with the participation of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), an evaluation of the effectiveness of the company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based upon that evaluation, the CEO and the CFO concluded that, as of December 31, 2008, the company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Report of Management on Internal Control Over Financial Reporting

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

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

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that the company maintained effective internal control over financial reporting as of December 31, 2008, based on the specified criteria.

KPMG LLP, an independent registered public accounting firm, has audited the company's internal control over financial reporting as of December 31, 2008, as stated in their attestation report that appears in the Unisys 2008 Annual Report to Stockholders, and such report is incorporated herein by reference.

Changes in Internal Control over Financial Reporting

During the fourth quarter ended December 31, 2007, we reported a material weakness in the company's internal control over financial reporting related to its control environment because it did not have a sufficient number of personnel with an appropriate level of U.S. GAAP knowledge and experience commensurate with its financial reporting requirements. Throughout fiscal year 2008, we implemented the following measures which resulted in the remediation of this material weakness during the quarter ended December 31, 2008:

- The Company hired additional personnel and utilized third party resources with an appropriate level of U.S. GAAP tax knowledge and experience to its income tax accounting function and required the completion of income tax accounting training by personnel responsible for its foreign subsidiaries,
- The Company strengthened its worldwide accounting capabilities by adding personnel with an appropriate level of U.S. GAAP accounting knowledge and experience in two locations,
- The Company implemented appropriately designed processes and controls, instituted multi-level management reviews to ensure compliance with U.S. GAAP and such processes and controls have been tested and are determined to be properly designed and operating effectively,
- The Company performed a review of its existing resources, including a competency assessment, for the finance organization and completed the action plans identified related to hiring and realignment, including the hiring of a new corporate controller and reassignment of responsibilities among key accounting personnel, and
- Management developed and implemented certain mandatory U.S. GAAP training for finance personnel.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

The following information is incorporated herein by reference to our Definitive Proxy Statement for the 2009 Annual Meeting of Stockholders (the “Proxy Statement”):

- Information regarding our directors is set forth under the headings “Nominees for Election to the Board of Directors”, “Members of the Board of Directors Continuing in Office – Term Expiring in 2010” and “Members of the Board of Directors Continuing in Office – Term Expiring in 2011”.
- Information regarding the Unisys Code of Ethics and Business Conduct is set forth under the heading “Code of Ethics and Business Conduct”.
- Information regarding our audit committee and audit committee financial experts is set forth under the heading “Committees”.

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

1. Financial Statements from the Unisys 2008 Annual Report to Stockholders which are incorporated herein by reference:

   Consolidated Balance Sheets at December 31, 2008 and December 31, 2007

   Consolidated Statements of Income for each of the three years in the period ended December 31, 2008

   Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2008

   Consolidated Statements of Stockholders' Equity (Deficit) for each of the three years in the period ended December 31, 2008

   Notes to Consolidated Financial Statements

Report of Management on Internal Control over Financial Reporting

Reports of Independent Registered Public Accounting Firms

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

The financial statement schedule should be read in conjunction with the consolidated financial statements and notes thereto in the Unisys 2008 Annual Report to Stockholders. Financial statement schedules not included with this report have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits. Those exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index included in this report at pages 15 through 17. Management contracts and compensatory plans and arrangements are listed as Exhibits 10.1 through 10.32.

SIGNATURES

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

UNISYS CORPORATION

By: /s/ J. Edward Coleman
J. Edward Coleman
Chairman of the Board and Chief Executive Officer

Date: March 2, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 2, 2009.

/s/ J. Edward Coleman
J. Edward Coleman
Chairman of the Board and Chief Executive Officer
(principal executive officer)

/s/ Janet Brutschea Haugen
Janet Brutschea Haugen
Senior Vice President and Chief Financial Officer
(principal financial officer)

/s/ Scott Hurley
Scott Hurley
Vice President and Corporate Controller
(principal accounting officer)

*Henry C. Duques
Henry C. Duques
Lead Director

*J. P. Bolduc
J.P. Bolduc
Director

*Craig A. Conway
Craig A. Conway
Director

*James J. Duderstadt
James J. Duderstadt
Director

*Matthew J. Espe
Matthew J. Espe
Director

*Denise K. Fletcher
Denise K. Fletcher
Director

*Edwin A. Huston
Edwin A. Huston
Director

*Clayton M. Jones
Clayton M. Jones
Director

*Leslie F. Kenne
Leslie F. Kenne
Director

*Clay B. Lifflander
Clay B. Lifflander
Director

*Theodore E. Martin
Theodore E. Martin
Director

*Charles B. McQuade
Charles B. McQuade
Director

*By: /s/ J. Edward Coleman
J. Edward Coleman
Attorney-in-Fact

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Unisys Corporation:

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

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

KPMG LLP

Philadelphia, Pennsylvania
March 2, 2009

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

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions (1)	Balance at End of Period
Year Ended December 31, 2006	$ 50.6	$ 10.6	$ —	$ 61.2
Year Ended December 31, 2007	$ 61.2	$ (6.1)	$ (3.3)	$ 51.8
Year Ended December 31, 2008	$ 51.8	$ 7.0	$ (7.8)	$ 51.0

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

EXHIBIT INDEX

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999)
3.2	By-Laws of Unisys Corporation, as amended through December 6, 2007 (incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated December 6, 2007)
4.1	Form of Indenture, dated as of March 1, 2003, between Unisys Corporation and HSBC Bank USA (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (Registration No. 333-85650)
4.2	Supplemental Indenture, dated as of December 11, 2007, between Unisys Corporation and HSBC Bank USA, National Association (as successor to HSBC Bank USA)(the "Trustee") to the Indenture, dated as of March 1, 2003, between the Company and the Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 6, 2007)
10.1	Unisys Corporation Deferred Compensation Plan as amended and restated effective September 22, 2000 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000)
10.2	Deferred Compensation Plan for Directors of Unisys Corporation, as amended and restated effective April 22, 2004 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004)
10.3	Unisys Corporation Director Stock Unit Plan, as amended and restated, effective September 22, 2000 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000)
10.4	Unisys Directors Stock Option Plan, as amended and restated effective September 22, 2000 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000)
10.5	Amendment to Amended and Restated Unisys Directors Stock Option Plan, effective February 12, 2009
10.6	Unisys Executive Annual Variable Compensation Plan (incorporated by reference to Exhibit A to the Company's Proxy Statement, dated March 23, 1993, for its 1993 Annual Meeting of Stockholders)
10.7	1990 Unisys Long-Term Incentive Plan, as amended and restated effective September 22, 2000 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000)
10.8	Amendment to Amended and Restated 1990 Unisys Long-Term Incentive Plan, effective February 12, 2009
10.9	Form of Indemnification Agreement between Unisys Corporation and each of its Directors (incorporated by reference to Exhibit B to the Company's Proxy Statement, dated March 22, 1988, for the 1988 Annual Meeting of Stockholders)
10.10	Form of Executive Employment Agreement

10.11	Unisys Corporation 2002 Stock Option Plan (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)
10.12	Amendment to Unisys Corporation 2002 Stock Option Plan, effective February 12, 2009
10.13	Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan, as amended and restated effective January 1, 2009
10.14	Amendment to Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan, effective February 12, 2009
10.15	Agreement, dated December 22, 2008, between Unisys Corporation and J. Edward Coleman
10.16	Employment Agreement, dated December 22, 2008, between Unisys Corporation and J. Edward Coleman
10.17	Agreement, dated December 30, 2008, between Unisys Corporation and Joseph W. McGrath
10.18	Agreement, dated October 8, 2008, between Unisys Corporation and Greg J. Baroni (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K dated January 29, 2009)
10.19	2005 Deferred Compensation Plan for Directors of Unisys Corporation, amended and restated effective January 1, 2005 except at otherwise noted therein
10.20	Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan, amended and restated effective January 1, 2009
10.21	Amendment to Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan, effective February 12, 2009
10.22	Unisys Corporation Executive Life Insurance Program, as amended and restated effective April 22, 2004 (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005)
10.23	Amendment to the Unisys Corporation Executive Life Insurance Program, effective January 1, 2009
10.24	Form of Restricted Stock Unit Agreement (incorporated by Reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006)
10.25	Unisys Corporation Supplemental Executive Retirement Income Plan, as amended and restated effective January 1, 2009
10.26	Unisys Corporation Elected Officer Pension Plan, as amended and restated effective January 1, 2009
10.27	Unisys Corporation 2005 Deferred Compensation Plan, as amended and restated effective January 1, 2005 except as otherwise noted therein

10.28	Unisys Corporation Savings Plan, as amended and restated effective January 1, 2009 (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (Registration No. 333-156569))
10.29	Summary of supplemental benefits provided to elected officers of Unisys Corporation
10.30	Governance and Cooperation Agreement, dated May 20, 2008, by and among Unisys Corporation, MMI Investments, L.P., MCM Capital Management, LLC, Clay B. Lifflander and Charles B. McQuade (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 20, 2008)
10.31	Agreement dated May 1, 2007 between Unisys Corporation and Richard Marcello
10.32	Agreement dated November 9, 2007 between Unisys Corporation and Anthony Doye
12	Computation of Ratio of Earnings to Fixed Charges
13	Portions of the Company's Annual Report to Stockholders for the year ended December 31, 2008
21	Subsidiaries of the Company
23.1	Consent of KPMG LLP
23.2	Consent of Ernst & Young LLP
24	Power of Attorney
31.1	Certification of J. Edward Coleman required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of J. Edward Coleman required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

Exhibit 10.5

Amendment to

Unisys Directors Stock Option Plan

Effective February 12, 2009

The Unisys Directors Stock Option Plan (the "Plan") is hereby amended, effective February 12, 2009, as follows:

1. Section 7.9(a) of the Plan, entitled "Adjustments to Reflect Capital Changes", is amended to read in its entirety as follows:

7.9 Adjustments to Reflect Capital Changes.

(a) Recapitalization. The number and kind of shares subject to outstanding Awards, the Purchase Price or Exercise Price for such shares, and the number and kind of shares available for Awards subsequently granted under the Plan shall be proportionately adjusted to reflect any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other change in capitalization with a similar substantive effect upon the Plan or the Awards granted under the Plan, consistent with the treatment of shares of Company Common Stock not subject to the Plan, and such that (1) on an aggregate basis, the excess of the Fair Market Value of the shares of Company Common Stock subject to outstanding Options over the Purchase Price for such shares (the "Spread") immediately after the change does not exceed the Spread immediately before the change, (2) on a share by share basis, the ratio of the Fair Market Value of the shares of Company Common Stock subject to such Options to the Purchase Price for such shares is not more favorable to the Participant immediately after the change as compared to such ratio immediately before the change, (3) to the extent new Options are granted, any old, related Options shall be cancelled, (4) all other terms of the Options remain the same except to the extent they become inoperative by reason of the transaction, and (5) no additional benefits are provided under any new or adjusted Options.

2. Except as amended hereby, the Plan shall continue in full force and effect.

Exhibit 10.8

Amendment to

1990 Unisys Long-Term Incentive Plan

Effective February 12, 2009

The 1990 Unisys Long-Term Incentive Plan (the “Plan”) is hereby amended, effective February 12, 2009, as follows:

1. Section 11.9(a) of the Plan is amended to read in its entirety as follows:

11.9 Adjustments to Reflect Capital Changes.

(a) Recapitalization. The number and kind of shares subject to outstanding Awards, the Purchase Price or Exercise Price for such shares, and the number and kind of shares available for Awards subsequently granted under the Plan shall be proportionately adjusted to reflect any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other change in capitalization with a similar substantive effect upon the Plan or the Awards granted under the Plan, consistent with the treatment of shares of Company Common Stock not subject to the Plan, and with respect to Options and Stock Appreciation Rights, such that (1) on an aggregate basis, the excess of the Fair Market Value of the shares of Company Common Stock subject to such Options or Stock Appreciation Rights over the Purchase Price or Exercise Price, respectively, for such shares (the “Spread”) immediately after the change does not exceed the Spread immediately before the change, (2) on a share by share basis, the ratio of the Fair Market Value of the shares of Company Common Stock subject to such Options or Stock Appreciation Rights to the Purchase Price or Exercise Price, respectively, for such shares is not more favorable to the Participant immediately after the change as compared to such ratio immediately before the change, (3) to the extent new Options or Stock Appreciation Rights are granted, any old, related Options or Stock Appreciation Rights shall be cancelled, (4) all other terms of the Options or Stock Appreciation Rights remain the same except to the extent they become inoperative by reason of the transaction, and (5) no additional benefits are provided under any new or adjusted Options or Stock Appreciation Rights.

2. Except as amended hereby, the Plan shall continue in full force and effect.

Exhibit 10.10

EMPLOYMENT AGREEMENT

AGREEMENT by and between Unisys Corporation, a Delaware corporation (the “Company”) and [NAME] (the “Executive”), dated as of December , 2008.

The Board of Directors of the Company (the “Board”), previously determined that it was in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believed it was imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive’s full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board caused the Company to enter into the Employment Agreement with Executive, dated as of , (the “Prior Agreement”). The Board subsequently determined that certain changes should be made to the Prior Agreement to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the final regulations issued thereunder. This Agreement serves as an amendment and restatement of the Prior Agreement to incorporate the changes deemed necessary to comply with such requirements.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions. (a) The “Effective Date” shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive’s employment with the Company is terminated within the twelve (12) month period prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the “Effective Date” shall mean the date immediately prior to the date of such termination of employment.

(b) The “Change of Control Period” shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the “Renewal Date”), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Change of Control. For the purpose of this Agreement, a “Change of Control” shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

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

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the "Employment Period").

4. Terms of Employment. (a) Position and Duties. (i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation. (i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the

Executive's highest bonus under the Company's Executive Variable Compensation Plan, or any comparable bonus or retention amount under any predecessor or successor plan or retention agreement, for the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year) (the "Recent Annual Bonus"). Each such Annual Bonus shall be paid on or after January 1 of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, but not later than March 15 of such fiscal year, unless the Executive shall elect to defer the receipt of such Annual Bonus in accordance with the terms of the applicable deferred compensation plan.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. Termination of Employment. (a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive’s employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, “Good Reason” shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company’s requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Company’s requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) any purported termination by the Company of the Executive’s employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination or any later date specified therein, as the case may be, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination. (a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for death, Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) unless delay is required pursuant to Section 13(b) below, the Company shall pay to the Executive in a lump sum in cash within 75 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid or deferred, (2) the product of (x) the higher of (I) the Recent Annual Bonus and (II) the Annual Bonus paid or payable, including any bonus or portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any accrued vacation pay, to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"; provided, however, that any such amounts that Executive shall have previously elected to defer shall not be paid in a lump sum in cash but shall instead be credited to the Executive's account under the relevant deferred compensation plan and paid to the Executive in accordance with the terms of such plan); and

B. the amount equal to the product of (1) three and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and

C. an amount equal to the value of the excess of (a) the actuarial equivalent of the benefit under the Company's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to the Executive than those in effect under the Company's Retirement Plan immediately prior to the Effective Date), and any excess or supplemental retirement plan in which the Executive participates (together, the "SERP") which the Executive would receive if the Executive's employment continued for three years after the Date of Termination assuming for this purpose that all accrued benefits are fully vested, and, assuming that the Executive's compensation in each of the three years is that required by Section 4(b)(i) and Section 4(b)(ii), over (b) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of Termination;

D. an amount equal to the value of the monthly premium cost that the Company would have had to pay to continue Executive and/or the Executive's family in the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement (other than continuation of health benefits) if the Executive's employment had not been terminated for the three year period following Executive's Date of Termination; provided, that if the Executive is eligible for a death benefit under any Unisys death benefit only plan in accordance with the terms of such plan, no premium will be payable to the Executive for such benefit.

(ii) For a period of up to three years following Executive's Date of Termination, Executive and Executive's spouse and eligible dependents, shall continue to be eligible to receive health benefits coverage under Company health plans described in Section 4(b)(iv) of this Agreement in accordance with the terms of the applicable plan documents, at the same premium rates as may be charged from time to time for employees of the Company generally, as if Executive had continued in employment with the Company during such period; provided, that in order to receive such continued coverage at such rates, Executive shall be required to pay to the Company at the same time that premium payments are due for the month an amount equal to the full monthly premium required by the Company under such plans for such coverage (in accordance with payment instructions from the Company), and the Company shall reimburse to Executive, within 60 days following the date such monthly premium payment is due, an amount equal to the monthly premium payment, less the amount that Executive would have been required to pay for such coverage if Executive had remained employed by the Company at such time (the "Health Payment"). In addition, unless delay is required pursuant to Section 13(b), on each date on which the monthly Health Payment is paid to Executive, the Company shall pay to Executive an additional amount equal to the federal, state and local income and payroll taxes that Executive incurs on each monthly Health Payment (the "Health Gross-Up Payment"). The period of continuation of group health plan coverage under section 4980B ("COBRA") of the Code (the "COBRA Period") runs concurrently during the period for which the Health Payment is paid to Executive. The Health Payment during the COBRA Period is intended to qualify for the exception for deferred compensation as a medical benefit provided in accordance with the requirements of Section 409A of the Code and Treas. Reg. §1.409A-1(b)(9)(v))(B). If Executive does not pay the applicable monthly premium for a particular month at any time during the three year period, no further Health Payment and Health Gross-Up Payment will be paid to Executive. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such health plans, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period, if permitted by the applicable plan;

(iii) the Company shall, at its sole expense as actually incurred by Executive, provide the Executive with reasonable outplacement services directly related to the termination of Executive's employment with the Company, the provider of which shall be selected by the Executive in his sole discretion, provided that such outplacement service coverage shall not extend beyond the last day of the second taxable year of Executive following the taxable year of Executive in which the termination of employment occurred; and

(iv) to the extent not theretofore paid or provided, in accordance with the terms of the relevant plans, programs, policies or practices or contracts or agreements, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any such plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

If the Executive becomes entitled to the severance benefits provided in this Section 6(a) as a result of Section 1(a) of this Agreement and Executive's termination prior to the Change of Control was for a reason under this Section 6(a), the (A) cash severance benefits payable to the Executive under clause 6(a)(i) shall be reduced by the amount payable to Executive on account of Executive's termination prior to the Change of Control and, unless delay is required pursuant to Section 13(b) below, shall be paid to Executive within 75 days following the date of the Change of Control if the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of Section 409A(a)(2)(A)(v) of the Code and its corresponding regulations (a "409A Change of Control"), or if the Change of Control does not constitute a 409A Change of Control, such amounts shall be paid to Executive within 75 days following the first anniversary of the Executive's Date of Termination; (B) severance benefits provided pursuant to clause 6(a)(ii) shall only be applicable if the period provided in clause 6(a)(ii) is longer than that provided to Executive on Executive's Date of Termination, and in such event, the period of time such severance benefits are provided shall be extended to reflect the additional period provided in clause 6(a)(ii) as measured from Executive's Date of Termination; (C) severance benefits provided in clause 6(a)(iii) shall apply as of the date of the Change of Control, provided that the measurement period for purposes of Section 409A of the Code commences on the Executive's Date of Termination; and (D) the Other Benefits shall be payable in accordance with the terms of the applicable plans, programs, policies or practices or contracts or agreements.

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 75 days following the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Unless delay is required pursuant to Section 13(b) below, Accrued Obligations shall be paid to the Executive in a lump sum in cash within 75 days following the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination, and (y) Other Benefits, in each case to the extent not theretofore paid or deferred. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, unless delay is required pursuant to Section 13(b) below, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 75 days following the Date of Termination.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 12(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

9. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), then the Executive shall be entitled to receive an additional payment (a “Gross-Up Payment”) in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 9(a), if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least $50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax proceeds to the Executive resulting from an elimination of the Gross-Up Payment and a reduction of the Payments, in the aggregate, to an amount (the “Reduced Amount”) such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: Section 6(a)(i)(B); Section 6(a)(i)(C); Section 6(a)(iii); Section 6(a)(i)(D); Section 6(a)(ii).

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young LLP or such other certified public accounting firm as may be designated by the Executive (the “Accounting Firm”) which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days following Executive’s Date of Termination or the Change of Control, if later. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm’s determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company’s control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Successors. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Miscellaneous. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

«Name»
«Address1»
«City» «State» «PostalCode»

If to the Company:

Township Line & Union Meeting Roads
P.O. Box 500
Blue Bell, Pennsylvania 19424
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof, including, but not limited to, the Prior Agreement.

13. Compliance with Section 409A of the Code.

(a) Notwithstanding the other provisions hereof, this Agreement is intended to comply with the requirements of Section 409A of the Code, to the extent applicable, and this Agreement shall be interpreted to avoid any penalty sanctions under Section 409A of the Code. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with Section 409A and, if necessary, any such provision shall be deemed amended to comply with Section 409A of the Code and regulations thereunder. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under Section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of Section 409A of the Code, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement.

(b) Notwithstanding any provision to the contrary in this Agreement, if on the date of Executive's separation from service, Executive is a "specified employee" (as such term is defined in Section 409A(a)(2)(B)(i) of the Code and its corresponding regulations) as determined in the sole discretion of the Company (or any successor thereto) in accordance with the Company's (or any successor's) "specified employee" determination policy, then all severance benefits payable to Executive under this Agreement that are deemed as deferred compensation subject to the requirements of Section 409A of the Code shall be postponed for a period of six months following Executive's separation from service with the Company (or any successor thereto). The postponed amounts shall be paid to Executive in a lump sum on the first business day after the date that is six months following Executive's separation from service with the Company (or any successor thereto). If Executive dies during such six-month period and prior to payment of the postponed amounts hereunder, the amounts delayed on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate within 75 days after Executive's death.

(c) All reimbursements provided under this agreement shall be made or provided in accordance with the requirements of Section 409A of the Code and Treas. Reg. §1.409A-3(i)(1)(iv) and all tax gross-ups shall paid in accordance with the requirements of Section 409A of the Code and Treas. Reg. §1.409A-3(i)(1)(v).

(d) Notwithstanding anything herein to the contrary, if Executive is entitled to severance benefits prior to the Change of Control in a form other than in a lump sum, the severance benefits payable under this Agreement in the form of a lump sum shall only be paid in a lump sum if the Change of Control qualifies as a 409A Change of Control and the Executive's Date of Termination occurs within the two year period following the date of the 409A Change of Control. If the Change of Control does not qualify as a 409A Change of Control or Executive's Date of Termination is after the second anniversary of the 409A Change of Control, the severance benefits payable under this Agreement will be payable in the same form as the severance benefits that were payable to Executive for periods prior to a Change of Control.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

Dated: December , 2008

[NAME]

UNISYS CORPORATION

Dated: December , 2008

By:

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

Exhibit 10.12

Amendment to

Unisys Corporation 2002 Stock Option Plan

Effective February 12, 2009

The Unisys Corporation 2002 Stock Option Plan (the "Plan") is hereby amended, effective February 12, 2009, as follows:

1. The second paragraph of Section 4 of the Plan is amended to read in its entirety as follows:

> In the event of any merger, reorganization, consolidation, recapitalization, share exchange, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants or other change in corporate structure affecting the Stock after adoption of the Plan by the Board, the aggregate number and kind of shares reserved for issuance under the Plan and the number, kind and price of shares subject to outstanding Awards shall be proportionately substituted for or adjusted to reflect such change in corporate structure, provided, however, that any such substitutions or adjustments will be consistent with the treatment of shares of Stock not subject to the Plan, and such that (A) on an aggregate basis, the excess of the Fair Market Value of the shares of Company Common Stock subject to outstanding Stock Options over the Purchase Price for such shares (the "Spread") immediately after the change does not exceed the Spread immediately before the change, (B) on a share by share basis, the ratio of the Fair Market Value of the shares of Stock subject to such Stock Options to the exercise price for such shares is not more favorable to the participant immediately after the change as compared to such ratio immediately before the change, (C) to the extent new Stock Options are granted, any old, related Stock Options shall be cancelled, (D) all other terms of the Stock Options remain the same except to the extent they become inoperative by reason of the transaction, and (E) no additional benefits are provided under any new or adjusted Stock Options.

2. Except as amended hereby, the Plan shall continue in full force and effect.

Exhibit 10.13

THE UNISYS CORPORATION
2003 LONG-TERM INCENTIVE AND EQUITY COMPENSATION PLAN
(As Amended and Restated Effective January 1, 2009)

SECTION 1. PURPOSE; DEFINITIONS

The purpose of the Plan is to support the Company's ongoing efforts to attract, retain and develop exceptional talent and enable the Company to provide incentives directly linked to the Company's short and long-term objectives and to increases in shareholder value.

For purposes of the Plan, the following terms are defined as set forth below:

a. "AFFILIATE" means an entity which is not a Subsidiary, but in which the Company has an equity interest.

b. "ANNUAL INCENTIVE AWARD" means an Incentive Award made pursuant to Section 10 with a Performance Cycle of one year or less.

c. "AWARDS" mean grants under the Plan of Incentive Awards, Stock Options, Stock Appreciation Rights, Restricted Share or Other Stock-Based Awards.

d. "BENEFICIARY" means the individual, trust or estate who or which by designation of the participant or operation of law succeeds to the rights and obligations of the Participant under the Plan and Award agreement upon the participant's death.

e. "BOARD" means the Board of Directors of the Company.

f. "CODE" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

g. "COMMISSION" means the Securities and Exchange Commission or any successor agency.

h. "COMMITTEE" means the Corporate Governance and Compensation Committee of the Board or a subcommittee thereof, any successor thereto or such other committee or subcommittee as may be designated by the Board to administer the Plan.

i. "COMMON STOCK" or "STOCK" means the common stock of the Company, par value $0.01 per share.

j. "COMPANY" means Unisys Corporation or any successor thereto.

k. "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

l. “FAIR MARKET VALUE” means, on any date, the average of the high and the low sales price of a share of Stock as reported on the New York Stock Exchange for that day, but not later than the earlier of the official close of the New York Stock Exchange or 4:00 p.m. US Eastern Standard Time or Eastern Daylight Time, as the case may be.

m. “INCENTIVE AWARD” means any Award made pursuant to Section 10 that is either an Annual Incentive Award or a Long-Term Incentive Award.

n. “INCENTIVE STOCK OPTION” means any Stock Option that complies with section 422 of the Code.

o. “LONG-TERM INCENTIVE AWARD” means an Incentive Award made pursuant to Section 10 with a Performance Cycle of more than one year.

p. “NONQUALIFIED STOCK OPTION” means any Stock Option that is not an Incentive Stock Option.

q. “NORMAL RETIREMENT DATE” means the date on which the participant is eligible to retire with unreduced benefits under a defined benefit pension plan or arrangement of the Company or one of its Subsidiaries or Affiliates or, in the event that the participant is not a member of such a plan or arrangement, the date on which the participant attains age 65.

r. “OTHER STOCK-BASED AWARD” means an Award made pursuant to Section 9.

s. “PARTICIPANT” shall mean an eligible employee or non-employee director who has been selected to receive an Award under the Plan in accordance with Section 3.

t. “PERFORMANCE CYCLE” means the period selected by the Committee during which the performance of the Company or any Subsidiary, Affiliate or unit thereof or any individual is measured for the purpose of determining the extent to which an Award subject to Performance Goals has been earned.

u. “PERFORMANCE GOALS” mean the objectives for the Company or any Subsidiary, Affiliate or any unit, division or geographic region thereof or any individual that may be established by the Committee for a Performance Cycle with respect to any performance-based Awards made under the Plan. The Performance Goals for Awards that are intended to constitute “performance-based” compensation within the meaning of section 162(m) of the Code will be based on one or more of the following criteria: earnings per share, total shareholder return, operating income, net income, cash flow, free cash flow, return on equity, return on capital, earnings before interest, taxes, depreciation and amortization (“EBITDA”), stock price, debt-to-capital ratio, stockholders’ equity per share, operating income as a percent of revenue, gross profit expense, selling, general and administrative expenses as a percent of revenue, operating cash flow, operating margin, orders, revenue, and customer value.

v. “PLAN” means The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan, as set forth herein and as may be amended from time to time.

w. “RESTRICTED PERIOD” means the period during which an Award may not be sold, assigned, transferred, pledged or otherwise encumbered.

x. “RESTRICTED SHARE” means an Award of shares of Stock pursuant to Section 8.

y. “SPREAD VALUE” means, with respect to a share of Stock subject to an Award, an amount equal to the excess of the Fair Market Value, on the date such value is determined, over the Award’s exercise or grant price, if any.

z. “STOCK APPRECIATION RIGHT” or “SAR” means a right granted pursuant to Section 7.

aa. “STOCK OPTION” means an option granted pursuant to Section 6.

bb. “SUBSIDIARY” shall have the meaning set forth in Section 425(f) of the Code.

cc. “TERMINATION OF EMPLOYMENT” means the voluntary or involuntary termination of a Participant’s employment with the Company or a Subsidiary or Affiliate for any reason, including death, disability, retirement or as a result of the divestiture of the Participant’s employer or any similar transaction in which the Participant’s employer ceases to be the Company or one of its Subsidiaries or Affiliates. The Committee, in its sole discretion, shall determine whether a Termination of Employment is a result of disability, and shall determine whether military or other government or eleemosynary service constitutes a Termination of Employment. To the extent necessary, “Termination of Employment” will be limited to those circumstances that constitute a “separation from service” within the meaning of Section 409A of the Code.

In addition, the terms “Business Combination,” “Change in Control,” “Change in Control Price,” “Incumbent Board,” “Outstanding Stock,” “Outstanding Voting Securities” and “Person” have the meanings set forth in Section 11.

SECTION 2. ADMINISTRATION

The Plan will be administered by the Committee, which will have the power to interpret the Plan and to adopt such rules and guidelines for carrying out the Plan, as it may deem appropriate. The Committee will have the authority to adopt such modifications, procedures and subplans, consistent with the objectives of the Plan, as may be necessary or desirable to comply with the laws, regulations, practices and tax and accounting principles of the countries in which the Company or a Subsidiary or Affiliate may operate and/or to assure the economic viability of Awards made to individuals employed in such countries.

Subject to the terms of the Plan, the Committee will have the authority to determine those individuals eligible to receive Awards and the amount, type and terms of each Award and to establish and administer any Performance Goals applicable to such Awards, but, at the discretion of the Board, these determinations may be made subject to ratification by the Board.

The Committee may delegate its authority and power under the Plan in whole or in part to a subcommittee consisting of two or more non-employee directors who are "outside directors" within the meaning of section 162(m) of the Code. The Committee may similarly delegate its authority or power under the Plan to one or more officers of the Company, subject to guidelines prescribed by the Committee, with respect to participants who are not subject to Section 16 of the Exchange Act and who are not "covered employees" within the meaning of section 162(m) of the Code.

Any determination made by the Committee or pursuant to delegated authority in accordance with the provisions of the Plan with respect to any Award will be made in the sole discretion of the Committee or such delegate, and all decisions made by the Committee or any appropriately designated officer pursuant to the provisions of the Plan will be final and binding on all persons, including the Company and Plan participants, but subject to ratification by the Board if the Board so provides.

SECTION 3. ELIGIBLE PARTICIPANTS

Participants in the Plan shall be such employees of the Company and its Subsidiaries or Affiliates, including elected officers, and non-employee directors of the Company, that are selected by the Committee, in its sole discretion, from time to time to receive an Award under the Plan. The Plan is discretionary in nature, and the grant of Awards by the Committee is voluntary and occasional. The Committee's selection of an eligible employee to receive an Award in any year or at any time shall not require the Committee to select such employee to receive an Award in any other year or at any other time. The selection of an employee to receive one type of Award under the Plan does not require the Committee to select such employee to receive any other type of Award under the Plan. The Committee shall consider such factors as it deems pertinent in selecting Participants and in determining the type and amount of their respective Awards.

SECTION 4. STOCK SUBJECT TO PLAN

The number of shares of Stock authorized for issuance under the Plan will be 20.0 million shares. Any or all of the authorized shares may be issued pursuant to the exercise of Stock Options awarded under the Plan, but no more than a total of 10.0 million shares may be issued with respect to Awards other than Stock Options. If any Award is exercised, cashed out or terminates or expires without a payment being made to the Participant in the form of Stock, the shares subject to such Award, if any, will again be available for issuance in connection with Awards under the Plan. Any shares of Stock that are used by a Participant as full or partial payment of withholding or other taxes or as payment for the exercise or conversion price of an Award will be available for issuance in connection with Awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, share exchange, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants or other change in corporate structure affecting the Stock after adoption of the Plan by the Board, the Board is authorized to make substitutions or adjustments in the aggregate number and kind of shares reserved for issuance under the Plan, in the number, kind and price of shares subject to outstanding Awards and in the Award limits set forth in Sections 4 and 5, provided, however, that any such substitutions or adjustments will be, to the extent deemed appropriate by the Board, consistent with the treatment of shares of Stock not subject to the Plan, and that the number of shares subject to any Award will always be a whole number.

SECTION 5. AWARDS — GENERAL TERMS AND LIMITATIONS

(a) AWARDS GRANTED AT FAIR MARKET VALUE. The exercise price of a Stock Option and the grant price of an SAR may not be less than 100% of the Fair Market Value on the date of grant. In addition, to the extent that the value of an Other Stock-Based Award is based on Spread Value, the grant price for the Other Stock-Based Award may not be less than 100% of the Fair Market Value on the date of grant. Notwithstanding the foregoing, in connection with any reorganization, merger, consolidation or similar transaction in which the Company or any Subsidiary or Affiliate of the Company is a surviving corporation, the Committee may grant Stock Options, SARs or Other Stock-Based Awards in substitution for similar awards granted under a plan of another party to the transaction and may adjust Awards under this Plan, and in such a case the exercise price or grant price of the substituted Stock Options, SARs or Other Stock-Based Awards granted by the Company may equal or exceed 100% of the Fair Market Value on the date of grant reduced by any unrealized gain existing as of the date of the transaction in the option, stock appreciation right or other award being replaced; provided, however, that the exercise price, grant price or other adjustment does not exceed the price or adjustment permitted for the grant not to be considered a new grant in accordance with regulations under Section 409A of the Code and Section 424 of the Code for an Incentive Stock Option.

(b) ANNUAL AWARD LIMITATION. The total number of shares of Restricted Stock and other shares of Stock subject to or underlying Stock Options, SARs and Other Stock-Based Awards awarded to any Participant during any year may not exceed (i) two million shares, multiplied by (ii) the number of calendar years during which the Participant was eligible to participate in the Plan in accordance with Section 3 above, and reduced by (iii) the number of shares with respect to which the participant has received awards of Restricted Stock, Stock Options, SARs and/or Other Stock-Based Awards under the Plan. An Annual Incentive Award paid to a participant with respect to any Performance Cycle may not exceed $5,000,000. A Long-Term Incentive Award paid to a participant with respect to any Performance Cycle may not exceed $3,000,000 times the number of years in the Performance Cycle.

(c) PERFORMANCE-BASED AWARDS. Any Awards granted pursuant to the Plan may, at the discretion of the Committee, be in the form of performance-based Awards through the application of Performance Goals over a specified Performance Cycle.

(d) MINIMUM VESTING PERIODS. Except in the case of a new-hire Award or under such other circumstances deemed appropriate by the Committee, no Stock Option, Stock Appreciation Right, Restricted Share or Other Stock-Based Award may be granted with a vesting period of less than one year.

SECTION 6. STOCK OPTIONS

(a) STOCK OPTION AWARDS. A Stock Option represents the right to purchase a share of Stock at a predetermined exercise price. Stock Options granted under the Plan will be in the form of Incentive Stock Options or Nonqualified Stock Options. The terms and conditions of each Stock Option Award, including the Stock Option term, exercise price, applicable vesting periods and any other restrictions/conditions on exercise, will be determined in the sole discretion of the Committee and will be set forth in an Award agreement.

(b) DURATION OF STOCK OPTIONS. Stock Options will terminate after the first to occur of the following:

(1) Expiration of the Stock Option as provided in the applicable Award agreement;

(2) Termination of the Stock Option Award, as provided in Section 6(d), following the participant’s Termination of Employment;

(3) In the case of an Incentive Stock Option, ten years from the date of grant.

(c) ACCELERATION/EXTENSION OF EXERCISE TIME. The Committee, in its sole discretion, shall have the right (but shall not in any case be obligated) to permit purchase of shares under any Stock Option prior to the time such Option would otherwise vest under the terms of the applicable Award agreement. In addition, the Committee, in its sole discretion, shall have the right (but shall not in any case be obligated) to permit any Stock Option granted under the Plan to be exercised after its termination date described in Section 6(d), but in no event later than the last day of the term of the Stock Option as set forth in the applicable Award agreement.

(d) EXERCISE OF STOCK OPTIONS UPON TERMINATION OF EMPLOYMENT. Except as otherwise provided in this Section 6(d) or in Section 6(c), or as otherwise expressly provided in a Participant’s Award agreement as authorized by the Committee, the right of the Participant to exercise Stock Options shall terminate upon the Participant’s Termination of Employment, regardless of whether or not the Stock Options were vested in whole or in part on the date of Termination of Employment.

(1) Disability or Normal Retirement. Upon a Participant's Termination of Employment by reason of disability or retirement on or after his/her Normal Retirement Date, a participant may, within five years after the Termination of Employment, exercise all or a part of his/her Stock Options that were vested upon such Termination of Employment (or which became vested at a later date pursuant to Section 6(d)(3) below). In no event, however, may any Stock Option be exercised later than the last day of the term of the Stock Option as set forth in the applicable Award agreement.

(2) Death. In the event of the death of a Participant while employed by the Company or a Subsidiary or Affiliate, or within the additional period of time from the date of Termination of Employment and prior to the termination of the Stock Option as permitted under Section 6(d)(1) or Section 6(d)(3)(B), to the extent that the right to exercise the Stock Option had vested as of the date of the Participant's death, the right of the Participant's Beneficiary to exercise the vested portion of the Stock Option shall expire on the earliest of (A) five years from the date of the Participant's death, (B) five years from the date of the Participant's Termination of Employment, (C) the last day of the term of the Stock Option as set forth in the applicable Award agreement or (D) such other date set forth in the Award agreement as authorized by the Committee.

(3) Termination of Employment at Age 55 with Five Years of Service. Notwithstanding anything in this Section 6 to the contrary, if Termination of Employment occurs after the participant has attained age 55 and completed five years of service with the Company and/or its Subsidiaries or Affiliates, (A) the participant shall continue to vest in each of his/her Stock Options in accordance with the vesting schedules set forth in the applicable Award agreements, and (B) the participant may exercise his/her Stock Options, to the extent that the Stock Options have vested as of the Termination of Employment or thereafter in accordance with Section 6(d)(3)(A), for a period of five years from the date of the participant's Termination of Employment. In no event, however, may any Stock Option be exercised later than the last day of the term of the Stock Option as set forth in the applicable Award agreement.

(e) EXERCISE PROCEDURES. Subject to the applicable Award agreement, Stock Options may be exercised, in whole or in part, by giving written notice of exercise to the Company or its designee specifying the number of shares to be purchased. This notice must be accompanied by payment in full of the exercise price by certified or bank check or such other instrument as the Company or its designee may accept. If authorized by the Committee, payment in full or in part may also be made (1) in the form of Stock already owned by the Participant valued at the Fair Market Value on the date the Stock Option is exercised, provided, however, that this Stock may not have been acquired within the preceding six months upon the exercise of a Stock Option or received in connection with an Award granted under the Plan or any other plan maintained at any time by the Company or any Subsidiary or an Affiliate, or (2) through a cashless exercise program authorized by the Company.

(f) INCENTIVE STOCK OPTIONS. Except as otherwise expressly provided in the Plan, the Committee may designate, at the time of grant, that the Stock Option is an Incentive

Stock Option under Section 422 of the Code. Whenever possible, each provision of the Plan and applicable Award agreement shall be interpreted in such a manner as to entitle the Stock Option to the tax treatment afforded by Section 422 of the Code. If any provision of the Plan or any Option designated by the Committee as an Incentive Stock Option shall be held not to comply with requirements necessary to entitle such Option to such tax treatment, then (1) such provision shall be deemed to have contained from the outset such language as shall be necessary to entitle the Option to the tax treatment afforded under Section 422 of the Code, and (2) all other provisions of the Plan and the Award Agreement shall remain in full force and effect. If any agreement covering a Stock Option designated by the Committee to be an Incentive Stock Option under this Plan shall not explicitly include any terms required to entitle such Incentive Stock Option to the tax treatment afforded by Section 422 of the Code, all such terms shall be deemed implicit in the designation of such Option and the Option shall be deemed to have been granted subject to all such terms.

SECTION 7. STOCK APPRECIATION RIGHTS

(a) STOCK APPRECIATION RIGHTS AWARDS. A SAR represents the right to receive a payment, in cash, shares of Stock or both (as determined by the Committee), equal to the Spread Value on the date the SAR is exercised. The grant price of a SAR and all other applicable terms and conditions will be established by the Committee in its sole discretion and will be set forth in the applicable Award agreement. Subject to the terms of the applicable Award agreement, a SAR will be exercisable, in whole or in part, by giving written notice of exercise to the Company.

SECTION 8. RESTRICTED STOCK

(a) RESTRICTED SHARE AWARDS. The Committee may grant to any Participant an Award of shares of Common Stock in such quantity, and on such terms, conditions and restrictions (whether based on Performance Goals, periods of service or otherwise) as the Committee shall establish in its sole discretion. The terms of any Restricted Share Award granted under this Plan shall be set forth in an Award agreement.

(1) Issuance of Restricted Shares. As soon as practicable after the Date of Grant of a Restricted Share Award by the Committee, Unisys shall register in the books of the Company, shares of Common Stock, evidencing the Restricted Shares covered by the Award, but subject to forfeiture to Unisys as of the Date of Grant if an Award agreement with respect to the Restricted Shares covered by the Award is not duly executed by the Participant and timely returned to the Company. At the discretion of the Company, the shares will be registered on behalf of the Participant in book entry form or will be registered in the name of the Participant with a stock certificate, appropriately legended to reference the applicable restrictions, duly issued. All shares of Common Stock covered by Awards under this Section 8 shall be subject to the restrictions, terms and conditions contained in the Award agreement.

(2) Stockholder Rights. Beginning on the date of grant of the Restricted Share Award and subject to execution of the Award Agreement provided for in Section 8(a)(1), the Participant will become a stockholder of Unisys with respect to all shares represented under the Award agreement and shall have all of the rights of a stockholder, including, but not limited to, the right to vote such shares and the right to receive any dividends (or dividend equivalents) paid on such shares; provided, however, that any shares of Common Stock distributed as a dividend or otherwise with respect to any Restricted Shares as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such Restricted Shares and shall be represented by book entry and held as prescribed in Section 8.

(3) Restriction on Transferability. None of the Restricted Shares may be assigned or transferred (other than by will or the laws of descent and distribution, or to an inter vivos trust with respect to which the Participant is treated as the owner under sections 671 through 677 of the Code), pledged or sold prior to the lapse of the restrictions applicable to the shares.

(4) Delivery of Shares Upon Vesting. Upon the expiration or earlier termination of the forfeiture period without forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under the provisions of Section 8(b)(2), the restrictions applicable to the Restricted Shares shall lapse. As promptly as administratively feasible thereafter, the Company shall deliver to the Participant or, in case of the Participant's death, to the Participant's Beneficiary, a stock certificate for the appropriate number of shares of Common Stock, free of all such restrictions, except for any restrictions that may be imposed by law, unless the Company has made arrangements to have shares of Common Stock held at a bank or other appropriate institution in non-certified form. The appropriate number of shares shall equal the number of Restricted Shares with respect to which the restrictions have lapsed, less the number of shares of Common Stock, rounded up for any fraction to the next whole number, whose Fair Market Value as of the date on which the restrictions lapse is equal to such amount as is determined by Unisys to be sufficient to satisfy applicable federal, state or local withholding tax requirements. Unisys shall remit in a timely manner to the appropriate taxing authorities the amount so withheld with any partial share excess applied to federal withholding. Although the stock certificate delivered to the Participant or the Participant's beneficiary will be for a net number of shares, the Participant or the Participant's beneficiary shall be considered, for tax purposes, to have received a number of shares of Common Stock equal to the full number of Restricted Shares with respect to which the restrictions have lapsed.

(b) TERMS OF RESTRICTED SHARES.

(1) Forfeiture of Restricted Shares. Subject to Section 8(b)(2) and Section 11, all of the Restricted Shares with respect to a Restricted Share Award shall be forfeited and returned to Unisys and all rights of the Participant with respect to such Restricted Shares shall terminate unless the Participant continues in the service of the Company or a Subsidiary or an Affiliate as an employee until the expiration of the forfeiture period and satisfies any other conditions set forth in the Award agreement.

(2) Waiver of Forfeiture Period. Notwithstanding anything contained in this Section 8 to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award agreement under certain circumstances (including the death, disability or retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted Shares) as the Committee shall deem appropriate.

SECTION 9. OTHER STOCK-BASED AWARDS

(a) OTHER STOCK-BASED AWARDS. The Committee may grant Awards, other than Stock Options, SARs or Restricted Shares, that are denominated in, valued in whole or in part by reference to, or otherwise based on or related to, Stock. The purchase, exercise, exchange or conversion of Other Stock-Based Awards granted under this Section 9 and all other terms and conditions applicable to the Awards will be determined by the Committee in its sole discretion and will be set forth in an applicable Award agreement.

SECTION 10. INCENTIVE AWARDS

(a) INCENTIVE AWARDS. Incentive Awards are performance-based Awards that are expressed in U.S. currency, but that may be payable in the form of cash, Stock or a combination of both. Incentive Awards may be either Annual Incentive Awards or Long-Term Incentive Awards. The target amount of the Award, the Performance Goals and applicable Performance Cycle, the form of payment and other terms and conditions applicable to an Incentive Award will be determined in the sole discretion of the Committee and will be set forth in an Award agreement. In the discretion of the Committee, the Incentive Award may be designated as a performance-based award intended to qualify as “performance-based compensation” within the meaning of Code Section 162(m).

SECTION. 11 CHANGE IN CONTROL PROVISIONS

(a) IMPACT OF EVENT. Notwithstanding any other provision of the Plan to the contrary, and except to the extent expressly provided otherwise in an Award agreement, in the event of a Change in Control:

(1) Stock Options. All Stock Options outstanding as of the date the Change in Control occurs will become fully vested and will be exercisable in accordance with procedures established by the Committee. In addition, a Participant who is an elected officer of the Company will be permitted to surrender for cancellation within 60 days after the Change in Control any Stock Option or portion of a Stock Option to the extent not exercised and to receive a cash payment in an amount equal to the excess, if any, of (A) the Change in Control Price, over (B) the exercise price of the Stock Option. The provisions of this

Section 11(a)(1) will not be applicable to any Stock Options granted to a Participant if the Change in Control results from the Participant's beneficial ownership (within the meaning of Rule 13d(3) under the Exchange Act) of Stock or Voting Securities.

(2) Stock Appreciation Rights. All SARs outstanding as of the date the Change in Control occurs will become fully vested and will be exercisable in accordance with procedures established by the Committee. The provisions of this Section 11(a)(2) will not be applicable to any SARs granted to a Participant if the Change in Control results from the Participant's beneficial ownership (within the meaning of Rule 13d(3) under the Exchange Act) of Stock or Voting Securities.

(3) Restricted Shares. The restrictions and other conditions applicable to any Restricted Shares held by the Participant will lapse and Restricted Shares will become fully vested.

(4) Incentive Awards. Any Incentive Awards relating to Performance Cycles before the Performance Cycle in which the Change in Control occurs that have been earned but not paid will become immediately payable in cash upon the Change in Control. In addition, each Participant who has been awarded an Incentive Award for a Performance Cycle that has not been completed will be deemed to have earned a pro-rata Incentive Award determined by multiplying the Participant's target award opportunity for the Performance Cycle by a fraction, the numerator of which is the number of whole months that have elapsed since the beginning of such Performance Cycle to the date on which the Change in Control occurs and the denominator of which is the total number of months in such Performance Cycle. Such pro-rata amount will be payable immediately upon the Change in Control in cash. Notwithstanding the foregoing, if the Committee in its sole discretion determines that any Incentive Award would be considered "nonqualified deferred compensation" within the meaning of Section 409A of the Code, and if the Change in Control would not be considered a "change in control" for purposes of Section 409A of the Code, then a Participant's entitlement to payment with respect to the Incentive Award will be determined as described above in this Section 11(a)(4), but payment with respect to such Incentive Award will be made on the earlier of (A) the date originally scheduled for payment or (B) for a Participant who is a "specified employee" within the meaning of Section 409A of the Code and as designated by the Committee, the first day of the seventh month following the date of the Participant's Termination of Employment, or, for any other Participant, the Participant's Termination of Employment. To the extent a Participant remains in the employment of the Company or its Subsidiaries or Affiliates after a Change in Control and through the end of any Performance Cycle with respect to which payment had been accelerated pursuant to the preceding provisions of this Section 11(a)(4), and to the extent that the attainment of Performance Goals or other performance measurements through the end of the Performance Cycle would have resulted in the Participant's receiving an amount in excess of the amount paid as a result of the Change in Control, the Participant will be entitled to receive an amount equal to that excess on the date originally scheduled for payment of the Award.

(5) Other Stock-Based Awards. Other Stock-Based Awards that vest solely on the basis of the passage of time will be treated in connection with a Change in Control in the same

manner as are Awards of Restricted Shares, as described in Section 11(a)(3) above. Other Stock-Based Awards that vest on the basis of the satisfaction of performance criteria will be treated in connection with a Change in Control in the same manner as are Incentive Awards, as described in Section 11(a)(4) above. Notwithstanding the foregoing, if the Committee in its sole discretion determines that any Other Stock-Based Award would be considered nonqualified deferred compensation within the meaning of Section 409A of the Code, and if the Change in Control would not be considered a “change in control” for purposes of Section 409A of the Code, then a Participant’s entitlement to payment with respect to the Other Stock-Based Award will be determined as described above in this Section 11(a)(5), but payment with respect to such Other Stock-Based Award will be made on the earlier of (A) the date originally scheduled for payment or (B) for a Participant who is a “specified employee” within the meaning of Section 409A of the Code and as designated by the Committee, the first day of the seventh month following the date of the Participant’s Termination of Employment, or, for any other Participant, the Participant’s Termination of Employment.

(b) DEFINITION OF CHANGE IN CONTROL. A “Change in Control” means any of the following events:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a “Person”)) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding shares of Stock (the “Outstanding Stock”) or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Voting Securities”), provided, however, that the following acquisitions will not constitute a Change in Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (4) any acquisition by any corporation pursuant to a transaction described in clauses (A), (B) and (C) of paragraph (3) of this Section 11(b); or

(2) Individuals who, as of the effective date of the Plan, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided, however, that any individual’s becoming a director after the effective date of the Plan whose election, or nomination for election by the stockholders of the Company, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though the individual were a member of the Incumbent Board, but excluding, for this purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger or consolidation or sale or disposition of all or substantially all of the assets of the Company (a “Business Combination”), unless, in each case following such Business Combination, (A) all or substantially all of the

individuals and entities who were the beneficial owners, respectively, of the Outstanding Stock and Outstanding Voting Securities immediately before the Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of the transaction owns the Company or all or substantially all of the assets of the Company either directly or indirectly through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Stock and Outstanding Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or the corporation resulting from the Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from the Business Combination or the combined voting power of the then outstanding voting securities of the corporation except to the extent that the Person owned 20% or more of the Outstanding Stock or Outstanding Securities before the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from the Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for the Business Combination; or

(4) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(c) DEFINITION OF CHANGE IN CONTROL PRICE. “Change in Control Price” means the greater of (1) the highest Fair Market Value of a share of Stock during the 60-day period ending on the date of the Change in Control, and (2) the highest price per share of Stock paid to holders of Stock in any transaction (or series of transactions) constituting or resulting from the Change in Control, provided, however, that, in the case of Incentive Stock Options, unless the Committee otherwise provides, such price will be based only on transactions occurring on the date on which the Incentive Stock Options are cashed out.

SECTION 12. PLAN AMENDMENT AND TERMINATION

The Board may amend, suspend or terminate the Plan at any time, provided that no such amendment will be made without stockholder approval if such approval is required under applicable law, or if such amendment would increase the total number of shares of Stock that may be distributed under the Plan. Except as otherwise provided under Section 4, Stock Options may not be repriced (whether through modification of the exercise price of the Stock Option after the date of grant or through an option exchange program) without the approval of the Company’s stockholders.

Except as set forth in any Award agreement, no amendment or termination of the Plan may materially and adversely affect any outstanding Award under the Plan without the Award recipient's consent.

SECTION 13. PAYMENTS AND PAYMENT DEFERRALS

Payment of Awards may be in the form of cash, Stock, other Awards or combinations thereof as the Committee may determine, and with such restrictions as it may impose. The Committee, either at the time of grant or by subsequent amendment, may require or permit deferral of the payment of Awards under such rules and procedures as it may establish. It also may provide that deferred settlements include the payment or crediting of interest or other earnings on the deferred amounts, or the payment or crediting of dividend equivalents where the deferred amounts are denominated in Stock equivalents. Notwithstanding the foregoing, no action will be taken or authorized pursuant to this Section 13 to the extent that it would violate the requirements of Section 409A of the Code or cause any Stock Option or SAR to be considered to provide for the deferral of compensation within the meaning of Section 409A of the Code.

SECTION 14. DIVIDENDS AND DIVIDEND EQUIVALENTS

The Committee may provide that any Awards under the Plan earn dividends or dividend equivalents. Such dividends or dividend equivalents may be paid currently or may be credited to a participant's Plan account. Any crediting of dividends or dividend equivalents may be subject to such restrictions and conditions as the Committee may establish, including reinvestment in additional shares of Stock or Stock equivalents to the extent permitted by applicable law. The granting of rights to dividends or dividend equivalents in connection with the Award of a Stock Option or a SAR shall not be directly or indirectly contingent on the exercise of the Stock Option or SAR to the extent such rights would be considered to offset the exercise price of the Stock Option or increase the amount payable under the SAR under Section 409A of the Code. Any other grant of dividends or dividend equivalents to the extent the grant is made to a Participant who is or could be subject to Section 409A of the Code shall be made on such terms either that shall comply with the requirements of Section 409A of the Code or that are not subject to Section 409A of the Code.

SECTION 15. TRANSFERABILITY

Except to the extent permitted by the Award agreement, either initially or by subsequent amendment, Awards will not be transferable or assignable other than by will or the laws of descent and distribution, and will be exercisable during the lifetime of the recipient only by the recipient.

SECTION 16. AWARD AGREEMENTS

Each Award under the Plan will be evidenced by a written agreement (which need not be signed by the recipient unless otherwise specified by the Committee or otherwise provided under the Plan) that sets forth the terms, conditions and limitations for each Award. Such terms may include, but are not limited to, the term of the Award, vesting and forfeiture provisions, and the provisions applicable in the event the recipient's employment terminates. The Committee may amend an Award agreement, provided that no such amendment may materially and adversely affect an outstanding Award without the Award recipient's consent.

SECTION 17. UNFUNDED STATUS OF PLAN

It is presently intended that the Plan constitute an "unfunded" plan for incentive and deferred compensation. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or make payments; however, unless the Committee otherwise determines, the structure of such trusts or other arrangements must be consistent with the "unfunded" status of the Plan.

SECTION 18. GENERAL PROVISIONS

(a) The Committee may require each person acquiring shares of Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to the distribution thereof. The certificates for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Common Stock or other securities delivered under the Plan will be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange upon which the Stock is then listed and any applicable Federal, state or foreign securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in this Plan will prevent the Company or a Subsidiary or Affiliate from adopting other or additional benefit arrangements for its employees or directors.

(c) The adoption of the Plan will not confer upon any employee any right to continued employment nor will it interfere in any way with the right of the Company or a Subsidiary or Affiliate to terminate the employment of any employee at any time. To the extent that an employee of a Subsidiary or Affiliate receives an Award under the Plan, that Award can in no event be understood or interpreted to mean that the Company is the employee's employer or that the employee has an employment relationship with the Company.

(d) Except as otherwise provided under Section 8(a)(4), no later than the date as of which an amount first becomes includible in the gross income of the Participant for Federal, state, local, or foreign income or social security tax purposes with respect to any Award under the Plan, the Participant will pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, withholding obligations arising from an Award may be settled with Stock, including Stock that is part of, or is received upon exercise or conversion of, the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan will be conditional on such payment or arrangements, and the Company and its Subsidiaries or Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant. The Committee may establish such procedures as it deems appropriate, including the making of irrevocable elections, for the settling of withholding obligations with Stock.

(e) On receipt of written notice of exercise, the Committee may elect to cash out all or a portion of the shares of Stock for which a Stock Option is being exercised by paying the Participant an amount, in cash or Stock, equal to the Spread Value of such shares on the date such notice of exercise is received.

(f) The Plan and all Awards made and actions taken thereunder will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

(g) If any provision of the Plan is held invalid or unenforceable, the invalidity or unenforceability will not affect the remaining parts of the Plan, and the Plan will be enforced and construed as if such provision had not been included.

(h) Any reference in the Plan to a provision of the Code, the Exchange Act or other law may be interpreted by the Committee, in its discretion, to encompass any successor provision of the law.

(i) If approved by stockholders of the Company, the Plan will be effective as of April 24, 2003. The Plan as amended and restated herein is effective January 1, 2009.

Exhibit 10.14

Amendment to

Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan

Effective February 12, 2009

The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan (the “Plan”) is hereby amended, effective February 12, 2009, as follows:

1. The second paragraph of Section 4 of the Plan is amended to read in its entirety as follows:

> In the event of any merger, reorganization, consolidation, recapitalization, share exchange, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants or other change in corporate structure affecting the Stock after adoption of the Plan by the Board, the aggregate number and kind of shares reserved for issuance under the Plan, the number, kind and price of shares subject to outstanding Awards and the Award limits set forth in Sections 4 and 5 shall be proportionately substituted for or adjusted to reflect such change in corporate structure, provided, however, that any such substitutions or adjustments will be consistent with the treatment of shares of Stock not subject to the Plan, and with respect to Stock Options and SARs, such that (1) on an aggregate basis, the Spread Value with respect to such Stock Options or SARs immediately after the change does not exceed the Spread Value immediately before the change, (2) on a share by share basis, the ratio of the Fair Market Value of the shares of Stock subject to such Stock Options or SARs to the exercise price for such shares is not more favorable to the Participant immediately after the change as compared to such ratio immediately before the change, (3) to the extent new Stock Options or SARs are granted, any old, related Stock Options or SARs shall be cancelled, (4) all other terms of the Stock Options or SARs remain the same except to the extent they become inoperative by reason of the transaction, and (5) no additional benefits are provided under any new or adjusted Stock Options or SARs.

2. Except as amended hereby, the Plan shall continue in full force and effect.

Exhibit 10.15

December 22, 2008

Mr. J. Edward Coleman
91 Bay Drive
Annapolis, MD 21403

Dear Mr. Coleman:

This letter (the "Agreement") is an amendment and restatement of, and replacement to, the letter dated October 6, 2008 between you and Unisys Corporation (the "Corporation" or "Unisys") describing the terms and conditions of your employment as Chairman of the Board and Chief Executive Officer of Unisys, and is being entered into for the purpose of ensuring that such letter is in compliance with the applicable requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

1. Base Salary. You will serve as Chairman of the Board and Chief Executive Officer of the Corporation with a base salary at the annual rate of not less than $972,000. Your base salary level will be reviewed periodically by the Board of Directors after receiving a recommendation from the Compensation Committee (the "Committee").

2. Annual Bonus. (a) You will participate in the Corporation's Executive Variable Compensation ("EVC") Plan (or any successor bonus plan) and your target will not be less than 125% of your annual paid salary. Subject to subsection (b) below, the actual EVC paid to you, if any, will be determined by the Board of Directors in its sole discretion after receiving a recommendation from the Committee, and will be based on your attainment of performance criteria to be determined annually by the Board and the Committee. Your actual EVC payments, if any, will be made in cash at the time of the award, subject to your election to defer receipt of all or any portion of the EVC award in accordance with the terms of the Unisys Corporation Deferred Compensation Plan (or any successor deferred compensation program).

(b) For the first six months of your employment hereunder, you will be entitled to a guaranteed bonus of $607,500. You will receive a portion of this amount at the time EVC payments are made in respect of the 2008 EVC award year, such amount to be pro-rated for the portion of such six-month period that you are employed by the Corporation in 2008. You will receive the remainder of such amount at the time EVC payments are made in respect of the 2009 EVC award year. Any additional EVC payments to you in respect of the 2009 EVC award year will be determined by the Board of Directors in its sole discretion as set forth in subsection (a) above. You must continue to be employed by Unisys through the applicable EVC payment date in order to receive a bonus.

3. Long-Term Incentive Awards. (a) Effective as of the business day following your first day of employment, you will receive: (1) a grant of 300,000 restricted stock units ("RSUs") under the terms of the Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan ("2003 Plan"). These RSUs, which will be subject to the terms of the 2003 Plan and the standard terms of the Corporation's RSU award documents, will vest on a time basis in three equal annual installments starting on the first anniversary of the date of grant and be settled upon vesting in shares of common stock of the Corporation and (2) a stock option grant under the terms of the Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan ("2007 Plan") for 1,200,000 shares of common stock of the Corporation. These stock options, which will be subject to the terms of the 2007 Plan and the standard terms of the Corporation's stock option award documents, will vest in three equal annual installments starting on the first anniversary of the date of grant and will have a term of five years. The option price for this grant will be the Fair Market Value (as defined in the 2007 Plan) of Unisys common stock on the date of grant.

(b) Within 120 days of your first day of employment, you will receive a grant of 900,000 RSUs under the 2003 Plan. These RSUs, which will be subject to the terms of the 2003 Plan and the standard terms of the Corporation's RSU award documents, will vest on a time and performance basis in three equal annual installments starting on the first anniversary of the date of grant if and to the extent that performance criteria to be mutually agreed prior to the date of grant are met and will be settled upon vesting in shares of common stock of the Corporation.

(c) You will be eligible to receive stock option awards, long-term performance awards, restricted share (or restricted share unit) awards and any other incentive award under the terms of the 2003 Plan, the 2007 Plan, or any successor thereto, in each year in which such awards are made to executive officers generally.

4. Benefit Programs; Housing. During your employment hereunder, you will participate in the retirement, welfare, incentive, fringe and perquisite programs generally made available to executive officers of the Corporation and at such benefit levels appropriate for the Chairman and Chief Executive Officer of the Corporation. In addition, during your employment hereunder until such time as you relocate your primary residence to the Philadelphia metropolitan area, you will be provided with the use of a Corporation-paid apartment in the Philadelphia metropolitan area for business purposes. The annual expense of such apartment is subject to the approval of the Committee.

5. Service on Other Boards. During your employment with the Corporation, you shall render your full-time attention to the business affairs of the Corporation. You may serve on the board of directors of other entities only as expressly approved in advance by the Board of Directors of the Corporation in its discretion.

6. Termination of Employment.

(a) Your employment may be terminated by the Corporation at any time with or without “cause” (as defined below), and you may terminate your employment at any time with or without “good reason” (as defined below). In the event that you are terminated for cause or you terminate your employment for other than good reason, you shall be entitled only to the benefits provided to the Corporation’s executive employees upon a similar termination of employment.

(b) In the event the Corporation terminates your employment for other than cause or you terminate your employment for good reason, you will be entitled to the following:

(1) An amount equal to two times (i) your base salary (at its then current rate on the date of termination) plus (ii) your annual bonus under the EVC Plan (in an amount equal to the average percentage of your target bonus paid for the three years preceding your date of termination (or, if you have been employed with the Corporation for fewer than three years, the average percentage paid for the number of years you were so employed) times your target bonus amount as in effect at your date of termination). Such termination payments shall be paid in a lump sum in cash within 30 days of the date of termination.

(2) For a period of up to two years following your termination of employment, you and your spouse and eligible dependents, shall continue to be eligible to receive medical and dental coverage under Unisys medical and dental plans in accordance with the terms of the applicable plan documents, at the same premium rates as may be charged from time to time for employees of Unisys generally, as if you had continued in employment with Unisys during such period; provided, that in order to receive such continued coverage at such rates, you shall be required to pay to Unisys at the same time that premium payments are due for the month an amount equal to the full monthly premium required by Unisys under such plans for such coverage (in accordance with payment instructions from Unisys), and Unisys shall reimburse to you, within 60 days following the date such monthly premium payment is due, an amount equal to the monthly premium payment, less the amount that you would have been required to pay for such coverage if you had remained employed by Unisys at such time (the “Health Payment”). In addition, unless delay is required pursuant to Section 6(b)(4), on each date on which the monthly Health Payment is paid to you, Unisys shall pay to you an additional amount equal to the federal, state and local income and payroll taxes that you incur on each monthly Health Payment (the “Health Gross-Up Payment”). The period of continuation of group health plan coverage under section 4980B (“COBRA”) of the Code (the “COBRA Period”) runs concurrently during the period for which the Health Payment is paid to you. The Health Payment during the COBRA Period is intended to qualify for the exception for deferred compensation as a medical benefit provided in accordance with the requirements of Section 409A of the Code and Treas. Reg. §1.409A-1(b)(9)(v))(B).

Notwithstanding the foregoing, if you become employed during such two-year period with another employer, you will cease to be entitled to receive the Health Payment and Health Gross-Up Payment after such employment date. You must promptly advise the Senior Vice President, Worldwide Human Resources, if you become employed. In addition, if you do not pay the applicable monthly premium for a particular month at any time during the two-year period, no further Health Payment and Health Gross-Up Payment will be paid to you.

(3) You shall be entitled to all other benefits generally available to executive officers of Unisys upon termination of employment in accordance with their normal terms except that you shall not be entitled to receive payments under the Unisys Income Assistance Plan, the Unisys Supplemental Unemployment Benefits Plan or any other severance or income assistance plan generally applicable to employees of Unisys;

(4) Notwithstanding the foregoing provisions of this subsection (b), in the event that you are a "specified employee" within the meaning of Section 409A of the Code (as determined in accordance with the methodology established by the Corporation as in effect on your date of termination) (a "Specified Employee"), amounts that would otherwise be payable and benefits that would otherwise be provided under this subsection (b) during the six-month period immediately following your date of termination shall instead be paid or provided on the first business day after the date that is six months following your "separation from service," within the meaning of Section 409A of the Code (the "Delayed Payment Date"), if and to the extent necessary to prevent accelerated or additional taxes from being imposed on you pursuant to Section 409A of the Code.

(5) In the event that you become entitled to termination payments under your Executive Employment Agreement, originally dated October 7, 2008 and amended and restated December 22, 2008, as a result of a change in control, you shall not receive duplicate payments under this Agreement and the Executive Employment Agreement. Instead, you shall receive the benefits under the Executive Employment Agreement, unless the Executive Employment Agreement provides for the payment of benefits under this Agreement.

(c) For purposes of this Section 6, "cause" shall mean intentional dishonesty or gross neglect of your duties. "Good reason" shall mean (1) a reduction in your aggregate compensation target (base salary plus bonus target), as such amounts may be increased during the term of this Agreement, unless such reduction is due to your continued failure to adequately perform your duties (provided that the Corporation has provided you notice identifying the manner in which the Corporation believes that you have failed to adequately perform your duties, and you have failed to discontinue your inadequate performance within 90 days of receiving such notice) or is due to a reduction in compensation generally applicable to executive officers or (2) a reduction in your duties or authority or your removal as Chairman and Chief Executive Officer of the Corporation or its successor, unless such reduction or removal is for cause, as defined above, or is on account of your inability to substantially perform your duties for an aggregate of 120 days within any consecutive 12 month period due to a mental or physical injury or illness, and provided that your resignation occurs within 120 after such reduction or removal.

(d) In the event your employment is terminated on account of your disability or death, all compensation and benefits under this agreement shall terminate, except that you or your estate shall receive benefits under the retirement, welfare, incentive, fringe and perquisite programs generally available to executive officers upon disability or death. For purposes of this Agreement, disability means a mental or physical injury or illness that renders you incapable of substantially performing your duties hereunder for a period of three consecutive months and shall commence for purposes of this agreement at the end of such three-month period. If such three-month period is shorter than the period of short-term disability provided for under the Corporation's short-term disability plan then in effect, the Corporation will, for the remainder of the short-term disability period provided for in such plan, pay you the amounts that you would have been entitled to under such plan if your employment had not been terminated. In the event of the termination of your employment on account of your disability or death, you will be entitled to the benefits described in this subsection (d), and not those described in section (b). Unless delay is required pursuant to Section 6(b)(4), such payment shall be paid to you in a lump sum in cash within 60 days following the date of your termination of employment on account of disability. If you become entitled to payments and benefits under this subsection (d) on account of your termination of employment due to a disability which does not meet the requirements set forth in Section 409A of the Code and the Treasury Regulations thereunder, and you are a Specified Employee at the time of such termination, amounts that would otherwise be payable and benefits that would otherwise be provided under this subsection (d) during the six-month period immediately following your date of termination shall instead be paid or provided on the Delayed Payment Date, if and to the extent necessary to prevent accelerated or additional taxes from being imposed on you pursuant to Section 409A of the Code.

7. Conduct after Termination. (a) For a period of 12 months from and after the termination of your employment for any reason:

(1) You shall not engage in or become employed as a business owner, employee, agent, representative or consultant in any activity which is in competition with any line of business of Unisys (or its subsidiaries or affiliates) existing as of your termination date, except with the express prior written consent of the Committee, provided, however, you shall be deemed not to be in competition for purposes of Section 7 of this Agreement (i) if you are an employee of or a consultant to an entity a unit of which is in competition with Unisys, provided that it can be demonstrated to the reasonable satisfaction of the Committee that procedures are in place to assure that any unit that is in competition with Unisys and any director, officer, employee, consultant or other representative of such unit cannot directly or indirectly avail itself or themselves of your services, (ii) if you are an employee of or a consultant to an entity that provides consulting services to other entities, one or more of which are in competition with Unisys, provided that it can be demonstrated to the reasonable satisfaction of the Committee that procedures are in place to assure that no entity that is in competition with Unisys nor any director, officer, employee, consultant or other representative of such unit can directly or indirectly avail itself or themselves of your services, (iii) if you invest in securities which are listed for trading on a national exchange or NASDAQ and your investment does not exceed 1% of the issued and outstanding shares of stock or (4) if you acquire an ownership interest in a non-public company, provided that such ownership represents a passive investment;

(2) You shall not negatively comment publicly or privately about Unisys (or its subsidiaries or affiliates), any of its products, services or other businesses, its present or past Board of Directors, its officers, or employees, nor shall you in any way discuss the circumstances of your termination of employment, except that (i) you may give truthful testimony before a court or governmental agency, (ii) you may make comments about the circumstances of your termination with the prior written approval of the Corporation, (iii) you may respond publicly to any untrue public comment made by the Corporation, (iv) you may discuss the circumstances of your termination with your attorneys, financial and tax advisers, members of your family and any prospective employer, provided that you take all necessary steps to assure that each such person does not, as a result of these discussions, make any such negative comment prohibited under this Agreement and (v) you may make comments to an arbitrator or court for the purpose of determining or enforcing your rights under this Agreement or any entitlement under any agreement, plan, award, policy or program with or sponsored by Unisys (or any of its subsidiaries or affiliates);

(3) You shall not, directly or indirectly, induce or attempt to induce any employee of Unisys (or any of its subsidiaries or affiliates) to render services for any other person, firm or business entity, except that you will be permitted to give recommendations, if requested, for employees seeking employment outside of Unisys;

(4) Unisys (and its subsidiaries and affiliates) agrees not to negatively comment publicly or privately about you or the circumstances of your termination of employment, except (i) Unisys may give truthful testimony before a court or governmental agency, (ii) Unisys may make comments about the circumstances of your termination with your prior written approval, (iii) Unisys may respond publicly to any untrue public comment made by you, (iv) Unisys may discuss the circumstances of your termination with its attorneys and its financial and tax advisers, provided that it takes reasonable steps to assure that each such person does not, as a result of Unisys discussions with them, make any such negative comment prohibited under this Agreement, (v) Unisys may make comments to an arbitrator or court for the purpose of determining its rights under this Agreement or any agreement, plan, award, policy or program with or sponsored by Unisys (or any of its subsidiaries or affiliates) and (vi) Unisys may make such disclosures as are required by law or regulation.

(b) From and after the termination of your employment for any reason, you shall not use, furnish or divulge to any other person, firm or business entity any confidential information relating to Unisys business (or that of any of its subsidiaries or affiliates), or any trade secrets, processes, contracts or arrangements involved in any such business, except (1) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of Unisys or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order you to divulge, disclose or make accessible such information, in each case with advance written notice to Unisys in sufficient time to allow Unisys to challenge the disclosure of such information if it so chooses (2) to an attorney as necessary to enforce your rights under this Agreement, or any other agreement, plan, policy, award or program with or sponsored by Unisys or (3) after such information becomes known to the public or within the relevant industry to which such confidential information pertains.

(c) In the event that you should materially breach your obligations under Section 7(a)(2) or you should breach any other obligation described in this Section 7, (1) Unisys shall have the right, in addition to any other legal or equitable remedies, to terminate any payments due you under Section 6(b)(1); and (2) you agree that you shall repay to Unisys any payments previously made to you under Section 6(b)(1).

8. Plan Documents; Code of Ethical Conduct. Each of the above-described benefits which are more fully described in an applicable Unisys plan document (including, without limitation EVC, stock option and RSU award documents) are subject to the terms of such plan or award document (as may be amended by Unisys from time to time) and, except as expressly provided in this Agreement, each such plan document or award document will govern the benefit payable hereunder and thereunder. In addition, you agree that the Unisys policies and procedures applicable to all Unisys employees, including, without limitation, the Unisys Code of Ethics and Business Conduct, shall be applicable to you as in effect as of the date of this Agreement.

9. Successors. This agreement shall be binding upon Unisys and its successors and assigns.

10. Miscellaneous. Except as expressly set forth herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and the Chairman of the Committee or his designee. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without giving effect to the provisions thereof relating to conflicts of laws.

11. Section 409A Compliance. This Agreement is intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. If you die following your date of termination and prior to the payment of any amounts delayed on account of Section 409A of the Code, such amounts shall be paid to the personal representative of your estate within 30 days after the date of your death. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (a) in no event shall reimbursements by the Corporation under this Agreement be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred, provided, that you shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (b) the amount of in-kind benefits that the Corporation is obligated to pay or provide in any given calendar year shall not affect the in-kind benefits that the Corporation is obligated to pay or provide in any other calendar year; (c) your right to have the Corporation pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (d) in no event shall the

Corporation's obligations to make such reimbursements or to provide such in-kind benefits apply later than your remaining lifetime (or if longer, through the 20th anniversary of the date of this Agreement). Within the time period permitted by the applicable Treasury Regulations, the Corporation may, in consultation with you, modify this Agreement, in the least restrictive manner necessary and without any diminution in the value of the payments to you, in order to cause the provisions of this Agreement to comply with the requirements of Section 409A of the Code, so as to avoid the imposition of taxes and penalties on you pursuant to Section 409A of the Code.

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

If the foregoing sets forth our agreement with you, please sign and return to us the enclosed copy of this Agreement.

Very truly yours,

UNISYS CORPORATION	The foregoing is accepted:
By: /s/ Theodore E. Martin	/s/ J. Edward Coleman
Theodore E. Martin, Chairman Compensation Committee Board of Directors	J. Edward Coleman
Date: December , 2008	Date: December , 2008

Exhibit 10.16

EMPLOYMENT AGREEMENT

AGREEMENT by and between Unisys Corporation, a Delaware corporation (the “Company”) and J. Edward Coleman (the “Executive”), dated as of December 22, 2008.

The Board of Directors of the Company (the “Board”), previously determined that it was in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believed it was imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive’s full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board caused the Company to enter into the Employment Agreement with Executive, dated as of October 7, 2008 (the “Prior Agreement”). The Board subsequently determined that certain changes should be made to the Prior Agreement to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the final regulations issued thereunder. This Agreement serves as an amendment and restatement of the Prior Agreement to incorporate the changes deemed necessary to comply with such requirements.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions. (a) The “Effective Date” shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive’s employment with the Company is terminated within the twelve (12) month period prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the “Effective Date” shall mean the date immediately prior to the date of such termination of employment.

(b) The “Change of Control Period” shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the “Renewal Date”), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Change of Control. For the purpose of this Agreement, a “Change of Control” shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

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

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the "Employment Period").

4. Terms of Employment. (a) Position and Duties. (i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation. (i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary (“Annual Base Salary”), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term “affiliated companies” shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the “Annual Bonus”) in cash at least equal to the Executive’s highest bonus under the Company’s Executive Variable Compensation Plan, or any comparable bonus or retention amount under any predecessor or successor plan or retention agreement, for the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year) (the “Recent Annual Bonus”). Each such Annual Bonus shall be paid on or after January 1 of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, but not later than March 15 of such fiscal year, unless the Executive shall elect to defer the receipt of such Annual Bonus in accordance with the terms of the applicable deferred compensation plan.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive’s family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. Termination of Employment. (a) Death or Disability. The Executive’s employment shall terminate automatically upon the Executive’s death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive’s employment. In such event, the Executive’s employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the “Disability Effective Date”), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive’s duties. For purposes of this Agreement, “Disability” shall mean the absence of the Executive from the Executive’s duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive’s legal representative.

(b) Cause. The Company may terminate the Executive’s employment during the Employment Period for Cause. For purposes of this Agreement, “Cause” shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive’s duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive’s duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive’s action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three- quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive’s employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, “Good Reason” shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination or any later date specified therein, as the case may be and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination. (a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for death, Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) unless delay is required pursuant to Section 13(b) below, the Company shall pay to the Executive in a lump sum in cash within 75 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid or deferred, (2) the product of (x) the higher of (I) the Recent Annual Bonus and (II) the Annual Bonus paid or payable, including any bonus or portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any accrued vacation pay, to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"; provided, however, that any such amounts that Executive shall have previously elected to defer shall not be paid in a lump sum in cash but shall instead be credited to the Executive's account under the relevant deferred compensation plan and paid to the Executive in accordance with the terms of such plan); and

B. the higher of (1) the amount equal to the product of (x) two and (y) the sum of (A) the Executive's Annual Base Salary and (B) the Highest Annual Bonus, and (2) the amount payable pursuant to Section 6(b)(1) of the letter agreement between the Executive and the Company originally dated October 6, 2008 and amended and restated as of December , 2008 (the "Letter Agreement") or, if the Letter Agreement is further amended, restated or replaced, the amount payable pursuant to the provision in such amended, restated or replacement agreement that corresponds to Section 6(b)(1) of the Letter Agreement; and

C. an amount equal to the value of the excess of (a) the actuarial equivalent of the benefit under the Company's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to the Executive than those in effect under the Company's Retirement Plan immediately prior to the Effective Date), and any excess or supplemental retirement plan in which the Executive participates (together, the "SERP") which the Executive would receive if the Executive's employment continued for three years after the Date of Termination assuming for this purpose that all accrued benefits are fully vested, and, assuming that the Executive's compensation in each of the three years is that required by Section 4(b)(i) and Section 4(b)(ii), over (b) the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of Termination;

D. an amount equal to the value of the monthly premium cost that the Company would have had to pay to continue Executive and/or the Executive's family in the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement (other than continuation of health benefits) if the Executive's employment had not been terminated for the two year period following Executive's Date of Termination; provided, that if the Executive is eligible for a death benefit under any Unisys death benefit only plan in accordance with the terms of such plan, no premium will be payable to the Executive for such benefit;

(ii) For a period of up to two years following Executive's Date of Termination, Executive and Executive's spouse and eligible dependents, shall continue to be eligible to receive health benefits coverage under Company health plans described in Section 4(b)(iv) of this Agreement in accordance with the terms of the applicable plan documents, at the same premium rates as may be charged from time to time for employees of the Company generally, as if Executive had continued in employment with the Company during such period; provided, that in order to receive such continued coverage at such rates, Executive shall be required to pay to the Company at the same time that premium payments are due for the month an amount equal to the full monthly premium required by the Company under such plans for such coverage (in accordance with payment instructions from the Company), and the Company shall reimburse to Executive, within 60 days following the date such monthly premium payment is due, an amount equal to the monthly premium payment, less the amount that Executive would have been required to pay for such coverage if Executive had remained employed by the Company at such time (the "Health Payment"). In addition, unless delay is required pursuant to Section 13(b), on each date on which the monthly Health Payment is paid to Executive, the Company shall pay to Executive an additional amount equal to the federal, state and local income and payroll taxes that Executive incurs on each monthly Health Payment (the "Health Gross-Up Payment"). The period of continuation of group health plan coverage under section 4980B ("COBRA") of the Code (the "COBRA Period") runs concurrently during the period for which the Health Payment is paid to Executive. The Health Payment during the COBRA Period is intended to qualify for the exception for deferred compensation as a medical benefit provided in accordance with the requirements of section 409A of the Code and Treas. Reg. §1.409A-1(b)(9)(v))(B). If Executive does not pay the applicable monthly premium for a particular month at any time during the two year period, no further Health Payment and Health Gross-Up Payment will be paid to Executive. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such health plans, the Executive shall be considered to have remained employed until two years after the Date of Termination and to have retired on the last day of such period, if permitted by the applicable plan;

(iii) the Company shall, at its sole expense as actually incurred by Executive, provide the Executive with reasonable outplacement services directly related to the termination of Executive's employment with the Company, the provider of which shall be selected by the Executive in his sole discretion, provided that such outplacement service coverage shall not extend beyond the last day of the second taxable year of Executive following the taxable year of Executive in which the termination of employment occurred; and

(iv) to the extent not theretofore paid or provided, in accordance with the terms of the relevant plans, programs, policies or practices or contracts or agreements, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any such plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

If the Executive becomes entitled to the severance benefits provided in this Section 6(a) as a result of Section 1(a) of this Agreement and Executive's termination prior to the Change of Control was for a reason under this Section 6(a), the (A) cash severance benefits payable to the Executive under clause 6(a)(i) shall be reduced by the amount payable to Executive on account of Executive's termination prior to the Change of Control and, unless delay is required pursuant to Section 13(b) below, shall be paid to Executive within 75 days following the date of the Change of Control if the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A(a)(2)(A)(v) of the Code and its corresponding regulations (a "409A Change of Control"), or if the Change of Control does not constitute a 409A Change of Control, such amounts shall be paid to Executive within 75 days following the first anniversary of the Executive's Date of Termination; (B) severance benefits provided pursuant to clause 6(a)(ii) shall only be applicable if the period provided in clause 6(a)(ii) is longer than that provided to Executive on Executive's Date of Termination, and in such event, the period of time such severance benefits are provided shall be extended to reflect the additional period provided in clause 6(a)(ii) as measured from Executive's Date of Termination; (C) severance benefits provided in clause 6(a)(iii) shall apply as of the date of the Change of Control, provided that the measurement period for purposes of section 409A of the Code commences on the Executive's Date of Termination; and (D) the Other Benefits shall be payable in accordance with the terms of the applicable plans, programs, policies or practices or contracts or agreements.

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 75 days following the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Unless delay is required pursuant to Section 13(b) below, Accrued Obligations shall be paid to the Executive in a lump sum in cash within 75 days following the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination, and (y) Other Benefits, in each case to the extent not theretofore paid or deferred. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, unless delay is required pursuant to Section 13(b) below, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 75 days following the Date of Termination.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 12(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

9. Certain Reductions in Payments.

(a) Anything in this Agreement to the contrary notwithstanding, in the event KPMG LLP or such other accounting firm as shall be designated by the Company prior to the Effective Date (the "Accounting Firm") shall determine that receipt of all payments or distributions by the Company or its affiliated companies in the nature of compensation to or for the Executive's benefit, whether paid or payable pursuant to this Agreement or otherwise (a "Payment") would subject the Executive to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Agreement (the "Agreement Payments") to the Reduced Amount (as defined below). The Agreement Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Executive's Agreement Payments were reduced to the Reduced Amount. If such a determination is not made by the Accounting Firm, the Executive shall receive all Agreement Payments to which the Executive is entitled under this Agreement.

(b) If the Accounting Firm determines that aggregate Agreement Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 9 shall be binding upon the Company and the Executive and shall be made within 60 days of a termination of the Executive's employment. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: Section 6(a)(i)(B); Section 6(a)(i)(C); Section 6(a)(iii); Section 6(a)(i)(D); Section 6(a)(ii). All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, the Executive shall pay any such Overpayment to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent such payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

(d) For purposes hereof, the following terms have the meanings set forth below:

(i) "Reduced Amount" shall mean the greatest amount of Agreement Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Agreement Payments pursuant to Section 9(a).

(ii) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Executive certifies, in the Executive's sole discretion, as likely to apply to him in the relevant tax year(s).

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Successors. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Miscellaneous. (a) This Agreement shall be governed by and construed in accordance

with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives; provided, however, that the Company may, without the consent of Executive, amend this Agreement in a manner consistent with the amendments made to the Executive Employment Agreements with other executives of the Company to conform to the provisions of section 409A of the Code.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

J. Edward Coleman
91 Bay Drive
Annapolis, MD 21403

If to the Company:

Unisys Way
P.O. Box 500
Blue Bell, Pennsylvania 19424
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof, including, but not limited to, the Prior Agreement.

13. Compliance with Section 409A of the Code.

(a) Notwithstanding the other provisions hereof, this Agreement is intended to comply with the requirements of section 409A of the Code, to the extent applicable, and this Agreement shall be interpreted to avoid any penalty sanctions under section 409A of the Code. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with section 409A and, if necessary, any such provision shall be deemed amended to comply with section 409A of the Code and regulations thereunder. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under section 409A of the Code. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of section 409A of the Code, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of payment.

(b) Notwithstanding any provision to the contrary in this Agreement, if on the date of Executive's separation from service, Executive is a "specified employee" (as such term is defined in section 409A(a)(2)(B)(i) of the Code and its corresponding regulations) as determined in the sole discretion of the Company (or any successor thereto) in accordance with the Company's (or any successor's) "specified employee" determination policy, then all severance benefits payable to Executive under this Agreement that are deemed as deferred compensation subject to the requirements of section 409A of the Code shall be postponed for a period of six months following Executive's separation from service with the Company (or any successor thereto). The postponed amounts shall be paid to Executive in a lump sum on the first business day after the date that is six months following Executive's separation from service with the Company (or any successor thereto). If Executive dies during such six-month period and prior to payment of the postponed amounts hereunder, the amounts delayed on account of section 409A of the Code shall be paid to the personal representative of Executive's estate within 75 days after Executive's death.

(c) All reimbursements provided under this agreement shall be made or provided in accordance with the requirements of section 409A of the Code and Treas. Reg. §1.409A-3(i)(1)(iv) and all tax gross-ups shall paid in accordance with the requirements of section 409A of the Code and Treas. Reg. §1.409A-3(i)(1)(v).

(d) Notwithstanding anything herein to the contrary, if Executive is entitled to severance benefits prior to the Change of Control in a form other than in a lump sum, the severance benefits payable under this Agreement in the form of a lump sum shall only be paid in a lump sum if the Change of Control qualifies as a 409A Change of Control and the Executive's Date of Termination occurs within the two-year period following the date of the 409A Change of Control. If the Change of Control does not qualify as a 409A Change of Control or Executive's Date of Termination is after the second anniversary of the 409A Change of Control, the severance benefits payable under this Agreement will be payable in the same form as the severance benefits that were payable to Executive for periods prior to a Change of Control.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ J. Edward Coleman   Dated: December , 2008
J. Edward Coleman

UNISYS CORPORATION

By: /s/ Theodore E. Martin   Dated: December , 2008
Theodore E. Martin, Chairman
Compensation Committee
Board of Directors

Exhibit 10.17

December 30, 2008

Mr. Joseph W. McGrath
100 Summer Hill Lane
St. Davids, PA 19087

Dear Mr. McGrath:

This letter amends, restates, and replaces the letter dated January 2, 2008 between you and Unisys Corporation (the “Corporation” or “Unisys”), and is being entered into for the purpose of ensuring that such letter is in compliance with the applicable requirements of section 409A of the Internal Revenue Code of 1986, as amended (the “Code”).

1. In the event that the Corporation terminates your employment for other than “cause” (as defined below) or you terminate your employment for “good reason” (as defined below), you will be entitled to the following:

a. An amount equal to two times your (i) base salary (at its then current rate on the date of termination) plus (ii) your annual bonus under the Corporation’s Executive Variable Compensation Plan (in an amount equal to the average percentage of the target bonus paid for the three years preceding your date of termination times the target bonus amount as in effect on the date of termination). Unless delay is required pursuant to section 9.b., such termination payment shall be paid to you in a lump sum in cash within 30 days following the date of your termination.

b. For a period of up to two years following your termination of employment, you and your spouse and eligible dependents, shall continue to be eligible to receive medical and dental coverage under Unisys medical and dental plans in accordance with the terms of the applicable plan documents, at the same premium rates as may be charged from time to time for employees of Unisys generally, as if you had continued in employment with Unisys during such period; provided, that in order to receive such continued coverage at such rates, you shall be required to pay to Unisys at the same time that premium payments are due for the month an amount equal to the full monthly premium required by Unisys under such plans for such coverage (in accordance with payment instructions from Unisys), and Unisys shall reimburse to you, within 60 days following the date such monthly premium payment is due, an amount equal to the monthly premium payment, less the amount that you would have been required to pay for such coverage if you had remained employed by Unisys at such time (the “Health Payment”). In addition, unless delay is required pursuant to section 9.b., on each date on which the monthly Health Payment is paid to you, Unisys shall pay to you an additional amount equal to the federal, state and local income and payroll taxes that you incur on each monthly Health Payment (the “Health Gross-Up Payment”). The period of continuation of group health plan coverage under section 4980B (“COBRA”) of the Code (the “COBRA Period”) runs concurrently during the period for which the Health Payment is paid to you. The Health Payment during the COBRA Period is intended to qualify for the exception for deferred compensation as a medical benefit provided in accordance with the requirements of section 409A of the Code and Treas. Reg. §1.409A-1(b)(9)(v))(B). Notwithstanding the foregoing, if you become employed during such two-year period with another employer, you will cease to be entitled to receive the Health Payment and Health Gross-Up Payment after such employment date. You must promptly advise the Senior Vice President, Worldwide Human Resources, if you become employed. In addition, if you do not pay the applicable monthly premium for a particular month at any time during the two-year period, no further Health Payment and Health Gross-Up Payment will be paid to you.

c. You shall be entitled to all other benefits generally available to executive officers of Unisys upon termination of employment in accordance with their normal terms and the applicable plans, except that you shall not be entitled to receive payments under the Unisys Income Assistance Plan or any other severance or income assistance plan generally applicable to employees of Unisys.

d. You acknowledge that effective upon your resignation as President and Chief Executive Officer of Unisys on October 7, 2008, your Executive Employment Agreement dated January 5, 1999 terminated, and therefore, you are not entitled to any benefits under that Executive Employment Agreement.

2. In the event of your disability or death, all compensation and benefits under this agreement (other than those amounts and benefits described in the following sentence) shall terminate. You or your estate shall receive (a) if termination of employment by reason of disability or death occurs prior to the Executive Variable Compensation

(EVC) payout date for the previous EVC award year, an EVC award for such previous award year determined by the Board of Directors in its sole discretion after receiving a recommendation from the Compensation Committee, as if you had continued to be employed through the EVC payout date, (b) an annual EVC award for the year in which your employment is terminated by reason of disability or death in an amount equal to a pro rata portion, based on the period of service rendered in such year, of the EVC amount paid for the previous year, (c) benefits under the retirement, welfare, incentive, fringe and perquisite programs generally available to executive officers upon disability or death, in accordance with the terms of such programs and (d) any deferred account balance under the Unisys Deferred Compensation Plan (or any successor deferred compensation program) in accordance with the terms of such plan. For purposes of this agreement, disability means a mental or physical injury or illness that renders you incapable of substantially performing your duties hereunder for a period of six consecutive months and shall commence for purposes of this agreement at the end of such six-month period. In the event of your disability or death, you will be entitled to the benefits described in this section 2, and not those described in section 1. Unless delay is required pursuant to section 9.b., payments pursuant to this section shall be paid to you (or your beneficiary) in a lump sum in cash within 60 days following the date of your termination on account of your disability or death. 3. In the event that your employment is terminated for “cause” (as defined below) or you terminate your employment for other than “good reason” (as defined below), you shall be entitled only to the benefits provided to Unisys executive employees upon termination of employment.

4. For purposes of this agreement, “cause” shall mean intentional dishonesty or gross neglect of your duties. “Good reason” shall mean (i) a reduction in your aggregate compensation target (base salary plus bonus target), unless such reduction is due to your continued failure to adequately perform your duties (provided that the Corporation has provided notice identifying the manner in which the Corporation believes that you failed to adequately perform your duties, and you have failed to discontinue your inadequate performance within 90 days of receiving such notice) or is due to a reduction in compensation generally applicable to executive officers or (ii) a reduction in your duties or authority or your removal as Chief Executive Officer of the Corporation or its successor (unless such reduction or removal is for cause, as defined above) or is on account of your inability to substantially perform your duties for an aggregate of 120 days within any consecutive 12 month period due to a mental or physical injury or illness, and provided that your resignation occurs within 120 days after such reduction or removal.

5. You previously signed Employee Proprietary Information, Invention and Non-Competition and Stock Option and Restricted Stock Unit Agreements, and you understand that your duties and obligations under these agreements continue beyond your employment termination. Without prejudice to these agreements, you further agree that for a period of 12 months from and after the termination of your employment for any reason:

a. You shall not engage in or become employed as a business owner, employee, agent, representative or consultant in any activity which is in competition with any line of business of Unisys (or its subsidiaries or affiliates) existing as of your termination date, except with the express prior written consent of the Compensation Committee of the Board of Directors, provided, however, you shall be deemed not to be in competition for purposes of this agreement (A) if you are an employee of or a consultant to an entity a unit of which is in competition with Unisys, provided that it can be demonstrated to the reasonable satisfaction of the Compensation Committee that procedures are in place to assure that any unit that is in competition with Unisys and any director, officer, employee, consultant or other representative of such unit cannot directly or indirectly avail itself or themselves of your services, (B) if you are an employee of or a consultant to an entity that provides consulting services to other entities, one or more of which are in competition with Unisys, provided that it can be demonstrated to the reasonable satisfaction of the Committee that procedures are in place to assure that no entity that is in competition with Unisys nor any director, officer, employee, consultant or other representative of such unit can directly or indirectly avail itself or themselves of your services, (C) if you invest in securities which are listed for trading on a national exchange or NASDAQ and this investment does not exceed 1% of the issued and outstanding shares of stock or (D) if you acquire an ownership interest in a non-public company, provided that such ownership represents a passive investment;

b. You shall not negatively comment publicly or privately about Unisys (or its subsidiaries or affiliates), any of its products, services or other businesses, its present or past Board of Directors, its officers, or employees, nor shall you in any way discuss the circumstances of your termination of employment, except that (A) you may give truthful testimony before a court or governmental agency, (B) you may make comments about the circumstances of your termination with the prior written approval of the Corporation, (C) you may respond publicly to any untrue public comment made by the Corporation, (D) you may discuss the circumstances of your termination with your attorneys, financial and tax advisers, members of your family and any prospective employer, provided that you take all necessary steps to assure that each such person does not, as a result of these discussions, make any such negative comment prohibited under this agreement and (E) you may make comments to an arbitrator or court for the purpose of determining or enforcing your rights under this agreement or any entitlement under any agreement, plan, award, policy or program with or sponsored by Unisys (or any of its subsidiaries or affiliates);

c. You shall not, directly or indirectly, induce or attempt to induce any employee of Unisys (or any of its subsidiaries or affiliates) to render services for any other person, firm or business entity, except that you will be permitted to give recommendations, if requested, for employees seeking employment outside of Unisys;

d. Unisys (and its subsidiaries and affiliates) agrees not to negatively comment publicly or privately about you or the circumstances of your termination of employment, except (A) Unisys may give truthful testimony before a court or governmental agency, (B) Unisys may make comments about the circumstances of your termination with your prior written approval, (C) Unisys may respond publicly to any untrue public comment made by you, (D) Unisys may discuss the circumstances of your termination with its attorneys and its financial and tax advisers, provided that it takes reasonable steps to assure that each such person does not, as a result of Unisys discussions with them, make any such negative comment prohibited under this agreement, and (E) Unisys may make comments to an arbitrator or court for the purpose of determining its rights under this agreement or any other agreement, plan, award, policy or program with or sponsored by Unisys (or any of its subsidiaries or affiliates).

6. In the event that you should materially breach your obligations under Section 5.b. of this agreement or breach any other obligation described in Section 5 of this agreement, Unisys shall have the right, in addition to any other legal or equitable remedies, to terminate any payments due you under Section 1.a. of this agreement.

7. This agreement shall be binding upon Unisys and its successors and assigns.

8. Except as expressly set forth herein, this agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements. No provision of this agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and the Chairman of the Compensation Committee or his designee. The validity, interpretation, construction and performance of this agreement shall be governed by the laws of the Commonwealth of Pennsylvania without giving effect to the previsions thereof relating to conflicts of laws.

9. Compliance with Section 409A of the Code.

a. Notwithstanding the other provisions hereof, this agreement is intended to comply with the requirements of section 409A of the Code, to the extent applicable, and this agreement shall be interpreted to avoid any penalty sanctions under section 409A of the Code. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with section 409A and, if necessary, any such provision shall be deemed amended to comply with section 409A of the Code and regulations thereunder. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of section 409A of the Code, each payment made under this agreement shall be treated as a separate payment. In no event may you, directly or indirectly, designate the calendar year of payment.

b. Notwithstanding any provision to the contrary in this agreement, if on the date of your termination of employment, you are a “specified employee” (as defined in section 409A of the Code and determined in the sole discretion of Unisys (or any successor thereto) in accordance with the Unisys (or any successor thereto) “specified employee” determination policy), then all severance payments payable to you under this agreement that are deemed as deferred compensation subject to the requirements of section 409A of the Code shall be postponed for a period of six months following your “separation from service” with Unisys (or any successor thereto). The postponed amounts shall be paid to you in a lump sum within 60 days after the date that is six months following your “separation from service” with Unisys (or any successor thereto). If you die during such six-month period and prior to payment of the postponed cash amounts hereunder, the amounts delayed on account of section 409A of the Code shall be paid to the personal representative of your estate within 60 days after your death.

c. All reimbursements provided under this agreement shall be made or provided in accordance with the requirements of section 409A of the Code and Treas. Reg. §1.409A-3(i)(1)(iv) and all tax gross-ups shall paid in accordance with the requirements of section 409A of the Code and Treas. Reg. §1.409A-3(i)(1)(v).

If the foregoing sets forth our agreement with you, please sign and return to us the enclosed copy of this agreement.

Very truly yours,

UNISYS CORPORATION	The foregoing is accepted:
By: /s/ Theodore E. Martin	/s/ Joseph W. McGrath
Theodore E. Martin, Chairman Compensation Committee Board of Directors	Joseph W. McGrath
Date: December , 2008	Date: December , 2008

Exhibit 10.19

2005 DEFERRED COMPENSATION PLAN
FOR DIRECTORS OF UNISYS CORPORATION

(As amended and restated effective January 1, 2005
except as otherwise noted below)

Article I
Purpose & Authority

1.1 Purpose. The purpose of the Plan is to offer members of the Board of Directors who are not employees of the Corporation the opportunity to defer receipt of a portion of their Compensation, under terms advantageous to both the Director and the Corporation and subject to rules that satisfy the requirements of section 409A of the Code.

1.2 Effective Date. A deferred compensation plan for directors of the predecessor to Unisys Corporation was originally approved by the board of the predecessor corporation on November 20, 1981. That plan, currently named the Deferred Compensation Plan for Directors of Unisys Corporation, was subsequently amended, effective January 1, 1994 and, again, effective April 22, 2004. Deferrals of compensation earned and vested before January 1, 2005 were made under that plan and amounts deferred under that plan will continue to be subject to the rules set forth in that plan document. This Plan was adopted February 10, 2005, effective January 1, 2005 (except as otherwise specified below), for deferrals made on and after the Effective Date. Deferrals of compensation earned and vested on or after the Effective Date will be subject to the rules set forth in this Plan document as it may be amended from time to time.

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

Article II
Definitions

2.1 “Account” means, for any Participant, each memorandum account established for the Participant under Section 4.1.

2.2 “Account Balance” means, for any Participant as of any date and with respect to any Account, the aggregate amount reflected in that Account.

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

2.4 “Board” means the Board of Directors of the Corporation.

2.5 “Change in Control” means any of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Treasury Regulation section 1.409A-3(i)(5)) (a “Person”) of ownership of 30% or more of the combined voting power of the then outstanding voting securities of the Corporation (the “Outstanding Voting Securities”) during a 12-month period, provided, however, that the acquisition by any corporation pursuant to a transaction described in clauses (1), (2) and (3) of Section 2.5(c) will not constitute a Change in Control; or

(b) During a 12-month period, individuals who constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or disposition of assets of the Corporation that have a total gross fair market value of more than 40% of the total gross fair market value of assets of the Corporation immediately before the acquisition (a “Substantial Portion of Assets”) within a 12-month period (a “Business Combination”), unless, in each case following such Business Combination, (1) all or substantially all of the individuals and entities who were the owners, respectively, of the then outstanding shares of Stock (the “Outstanding Stock”) and Outstanding Voting Securities immediately before the Business Combination own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of the transaction owns (A) the Corporation or (B) a Substantial Portion of Assets of the Corporation acquired within a 12-month period either directly or indirectly through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Stock and Outstanding Voting Securities, as the case may be, (2) no Person (excluding any employee benefit plan (or related trust) of the Corporation or the corporation resulting from the Business Combination) owns, directly or indirectly, 30% or more of, the combined voting power of the then outstanding voting securities of the corporation resulting from the Business Combination except to the extent that the Person owned 30% or more of the Outstanding Voting Securities before the Business Combination, and (3) at least a majority of the members of the board of directors of the corporation resulting from the Business Combination were members of the Incumbent Board during the 12-month period immediately preceding the Business Combination; or

(d) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation, but only to the extent that one Person acquires a Substantial Portion of Assets of the Corporation within a 12-month period in connection with such transaction.

The rules of this Section 2.5 shall be interpreted and applied in accordance with the provisions of Treasury Regulation section 1.409A-3(i)(5).

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

2.7 "Committee" means the Compensation Committee of the Board, such other committee as may be appointed by the Board to administer the Plan or the person or persons to whom the Compensation Committee or such other committee may have delegated any of the Committee's authority to administer the Plan.

2.8 "Compensation" means amounts payable by the Corporation, absent deferral, with respect to services provided by a Participant to the Corporation as a member of the Board, including retainer and meeting fees, but Compensation shall not include Non-Elective Stock Unit amounts credited to a Participant's Account hereunder.

2.9 "Corporation" or **"Unisys"** means Unisys Corporation.

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

2.11 "Effective Date" means, except as otherwise noted herein, January 1, 2005, the original effective date of the Plan.

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

2.13 "Fair Market Value" means, on any date, the sales price of a share of Unisys Common Stock (a) on the New York Stock Exchange as of the official close of the New York Stock Exchange at 4:00 p.m. U.S. Eastern Standard Time or Eastern Daylight Time, as the case may be, on such date, or (b) on such other stock exchange, designated by the Committee in its sole discretion, as of the official close of such exchange on such date.

2.14 "Investment Measurement Option" means any of the hypothetical investment alternatives available for determining the additional amounts to be credited to a Participant's Account under Section 4.2. As of the Effective Date, the Investment Measurement Options available are generally the investment options available to eligible participants under the USP other than the Unisys Common Stock Fund.

2.15 “Participant” means an Eligible Director or a former Eligible Director who has made a Deferral Election or been awarded Non-Elective Stock Units and who has not received a distribution of his or her entire Account Balance.

2.16 “Plan” means the 2005 Deferred Compensation Plan for Directors of Unisys Corporation, as set forth herein and as amended from time to time.

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

2.18 “Separation from Service” means the termination of a Participant’s service as a member of the Board.

2.19 “Stock Units” means Unisys common stock-equivalent units, which are awarded pursuant to the Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan or, effective as of April 26, 2007, the Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan, or any successor equity-based incentive compensation plan as Elective or Non-Elective Stock Units. Elective Stock Units are Stock Units awarded as a result of a Participant’s election to defer the receipt of Compensation in accordance with Section 4.2(b) of the Plan. Non-Elective Stock Units are Stock Units awarded to the Participant by the Corporation without regard to a deferral election. Each Stock Unit represents the equivalent of one share of Unisys Common Stock; therefore, the value of a Stock Unit on any given date is the Fair Market Value of a share of Unisys Common Stock on that date.

2.20 “Stock Units Account” means that portion of a Participant’s Account attributable to Elective and Non-Elective Stock Units.

2.21 “USP” means the Unisys Savings Plan, as amended from time to time.

2.22 “Valuation Date” means each business day on which the New York Stock Exchange (or such other exchange designated by the Committee in its sole discretion) is open, each of which is a date on which the interest of a Participant in each of the Participant’s Accounts is valued pursuant to the terms of the Plan.

Article III
Deferral of Compensation

3.1 <u>Deferral Election</u>. (a) Each Eligible Director may elect to defer all or a portion of his or her Compensation that, absent deferral, would be paid to him or her for services rendered during the following calendar year by properly completing and filing a Deferral Election form.

(b) To be effective, a Deferral Election must be made in writing by the Eligible Director on a form furnished by the Secretary of the Corporation.

(1) Generally, an Eligible Director's Deferral Election must be received by the Secretary of the Corporation on or before the date specified by the Committee, which shall be no later than the December 31 prior to the calendar year to which the Deferral Election applies.

(2) Notwithstanding Section 3.1(b)(1), an individual who becomes an Eligible Director after January 1 of a calendar year may make a Deferral Election by filing the required written election with the Secretary of the Corporation on or before the date that is 30 days after the date on which he or she becomes an Eligible Director, and his or her election shall apply to Compensation that would be earned by him or her during the remainder of the calendar year after he or she filed the election. An Eligible Director may make a Deferral Election under this Section 3.1(b)(2), (A) when he or she initially becomes an Eligible Director, or (B) effective January 1, 2009, at any subsequent time if he or she becomes an Eligible Director again after having ceased to be an Eligible Director at a previous time, and if he or she either had received his or her entire Account Balance attributable to his or her prior period of service as a member of the Board before becoming an Eligible Director again or had not been an Eligible Director at any time during the 24-month period ending on the date he or she became an Eligible Director again.

An Eligible Director’s service as a member of the Board prior to the Effective Date and his or her account, if any, under the predecessor to this Plan shall be taken into account in applying these rules.

(c) Once made, a Deferral Election shall become effective upon receipt by the Secretary of the Corporation and is thereafter irrevocable, except to the extent otherwise provided in Section 5.2.

(d) An Eligible Director’s Deferral Election must specify either a percentage or a certain dollar amount of his or her Compensation to be deferred under the Plan. In addition, the Deferral Election must specify the date on which payment of the amount deferred and payment in respect of any Non-Elective Stock Units that may be credited to the Participant’s Account is to commence and the form in which such payment is to be made, as set forth below:

(1) Subject to Section 5.1(b) hereof, the Deferral Election must specify that such payment is to commence:

(A) as of his or her Separation from Service;

(B) as of a specific date that is at least two years after the end of the calendar year containing the date on which the amounts to be deferred, absent deferral, would be paid to the Eligible Director;

(C) upon the Eligible Director’s becoming disabled (within the meaning of Code section 409A);

(D) upon a Change in Control of the Corporation; or

(E) upon the earlier (or earliest) to occur of two (or more) dates described in (A) – (D) of this Section 3.1(d)(1).

(2) The Eligible Director must specify whether payment of his or her Account, including any payment in respect of any Non-Elective Stock Units that may be credited to the Participant’s Account, is to be made in a single sum or in annual installments.

(3) Notwithstanding the foregoing, an Eligible Director may not elect a form of payment to the extent that such an election would cause any payments to be made after the March 31 first following the date that is 20 years after the date of the Eligible Director’s Separation from Service.

(e) Deferrals of an Eligible Director's Compensation shall be credited to the Plan as soon as administratively practicable after the date on which the Compensation, absent deferral, would be payable to the Participant.

(f) Unless an Eligible Director's Deferral Election specifically provides otherwise, his or her Deferral Election shall expire as of the last day of the calendar year for which the Deferral Election was made.

Article IV
Treatment of Deferred Amounts

4.1 Memorandum Account. (a) The Corporation shall establish on its books a separate Account for each Participant for each calendar year in which the Participant elects to defer Compensation. Amounts deferred by a Participant pursuant to a Deferral Election shall be credited to the Participant's Account as soon as administratively practicable after the date on which the deferred amounts, absent deferral, would have been paid to the Participant**.** Non-Elective Stock Units awarded to the Participant shall be credited to the Participant's Account on such dates as are prescribed in the applicable award documents. In addition, as of each Valuation Date, incremental amounts determined in accordance with Section 4.2 will be credited or debited to each Participant's Account, and adjustments shall be made with respect to Stock Units as provided in Section 4.1.(b). Any payments made to or on behalf of the Participant and for his or her Beneficiary shall be debited from the Account. No assets shall be segregated or earmarked with respect to any Account and no Participant or Beneficiary shall have any right to assign, transfer, pledge or hypothecate his or her interest or any portion thereof in his or her Account. The Plan and the crediting of Accounts hereunder shall not constitute a trust or a funded arrangement of any sort and shall be merely for the purpose of recording an unsecured contractual obligation of the Corporation.

(b) If the Corporation shall issue a stock dividend on the Unisys Common Stock, stock dividend equivalents shall be credited to the Participant's Stock Units Account, as of the dividend payment date, as Stock Units in the same amount as the stock dividends to which the Participant would have been entitled if the Stock Units were shares of Unisys Common Stock. Cash dividends, if any, shall be credited to the Stock Units Account, as of the dividend payment date, in the form of Stock Units based on the Fair Market Value of the Unisys Common Stock on the dividend payment date. The Stock Units Account shall be appropriately adjusted to reflect splits, reverse splits, or comparable changes to the Corporation's Common Stock.

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

(b) Each Eligible Director may elect, at the same time as a Deferral Election is made, to have one or more of the Investment Measurement Options applied to current deferrals, or to have the current deferrals credited to his or her Stock Units Account in the form of Elective Stock Units. Such election with respect to current deferrals may be changed at any time upon appropriate notice to the Secretary of the Corporation, provided, however, that an election to have current deferrals credited as Elective Stock Units may not be changed at any time during the effective period of the Deferral Election. If a Participant elects to have current deferrals credited as Elective Stock Units, the number of Stock Units to be credited to the Participant's Stock Units Account under this Section 4.2(b) shall be the quotient of (x) divided by (y) where (x) equals the amount of the current deferral to be credited as Stock Units and (y) equals the Fair Market Value on the date on which the amounts are credited to the Participant's Stock Unit Account.

(c) Subject to the restrictions described in Section 4.2(d), a Participant may elect to change the manner in which Investment Measurement Options apply to existing Account

Balances (excluding the Participant's Stock Units Account). In addition, a Participant may elect to have all or any portion of his or her existing Account Balances (other than the Stock Units Account) credited to his or her Stock Units Account as Elective Stock Units. The number of Stock Units to be credited to the Participant's Stock Units Account under this Section 4.2(c) shall be the quotient of (x) divided by (y) where (x) equals the amount of the existing Account Balances to be credited as Stock Units and (y) equals the Fair Market Value on the effective date on which the amounts are credited to the Participant's Stock Units Account. Any election described in this Section 4.2(c) will be effective upon receipt of the appropriate notice by the Secretary of the Corporation.

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

(1) The percentage of a Participant's current deferrals and/or Account Balance to which a specified Investment Measurement Option is to be applied must be a multiple of one percent (1%). The Participant may change the specified Investment Measurement Options that will apply to his or her Account(s) on any business day as of which the Plan's recordkeeper is open for business. Changes in a specified Investment Measurement Option with respect to a Participant's Account will be effective as soon as administratively practicable following receipt of the Participant's election.

(2) To the extent that a Participant has not specified an Investment Measurement Option to apply to all or a portion of his or her current deferrals and/or Account Balance, the Fidelity Balanced Fund (effective as of January 1, 2007) or such other fund as is designated by the Committee shall be deemed to be the applicable Investment Measurement Option.

(3) The chosen Investment Measurement Option or Options shall apply to deferred amounts on and after the date on which such deferred amounts are credited to the Participant's Account.

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

Article V
<u>Payment of Deferred Amounts</u>

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

(a) Payments of a Participant's Account Balances (other than the Participant's Stock Units Account) shall be made in cash in U.S. dollars. Payments of the Participant's Stock Units Account shall be made in shares of Unisys Common Stock.

(b) Except as otherwise provided in Section 5.3, (1) for payment of a Participant's Account Balances upon Separation from Service, the Account Balances shall be valued as of the last Valuation Date in the month in which the Participant's Separation from Service occurs and payment shall commence on the first day of the next month, (2) for payment upon any other date or dates specified in the Participant's Deferral Election or Elections or the Participant's Revised Election or Elections (to the extent that the Revised Election or Elections has or have become effective), the Account Balances shall be valued as of the last Valuation Date in the month in which such date occurs and payment shall commence on the first day of the next month, and (3) all payments shall be made in the form or forms specified in the Participant's Deferral Election or Elections or the Participant's Revised Election or Elections (to the extent that the Revised Election or Elections has or have become effective).

(c) To the extent a Participant has not specified the form or time of payment of all or a part of his or her Account Balance, payment of that portion of the Account Balance will be made in a single sum upon the Participant's Separation from Service.

(d) To the extent a Participant has elected payment in the form of annual installments, each installment payment after the initial installment payment shall be made on or about March 31 of each year following the year in which the first installment was paid. With respect to each Deferral Election made by a Participant, the amount of each annual installment payment to be made to a Participant under such Deferral Election shall be determined by dividing the portion of the Participant's Account Balance covered by such Deferral Election as of the latest Valuation Date in the month preceding the date of payment by the number of installments remaining to be paid under such Deferral Election, and the number of shares of Unisys Common Stock delivered to a Participant who is receiving installments from his or her Stock Units Account shall be the quotient of (x) divided by (y) where (x) equals the amount to be distributed in an installment and (y) equals the Fair Market Value on the latest Valuation Date in the month preceding the date of payment, with the amount attributable to any fractional share payable in cash in U.S. dollars.

(e) Notwithstanding any Deferral Election made by the Participant or any provision of the Plan to the contrary:

(1) If the Participant's Separation from Service occurs before the specific date as of which all or a portion of a Participant's Account Balance is scheduled to be paid, the payment of that portion of the Participant's Account Balance will commence upon the Participant's Separation from Service and will be made in the form elected by the Participant with respect to a distribution upon Separation from Service.

(2) If a Participant's Separation from Service occurs after the Participant begins to receive any portion of an Account Balance that was to be paid to the Participant as of a specific date, the remaining portion of such Account Balance shall continue to be distributed in accordance with the form of payment being made to the Participant at the time of his or her Separation from Service.

(3) If, at the time of a Participant's Separation from Service the balance in all of a Participant's Accounts is $10,000 or less, the balance in all the Participant's Accounts shall be paid to the Participant in a single sum upon the Participant's Separation from Service.

(4) Any portion of a Participant's Account Balance that has not been paid to the Participant as of the date of his or her death shall be paid to the Participant's Beneficiary in a single sum on the first day of the month following the month in which the Participant's death occurs.

(5) If a Participant demonstrates to the satisfaction of the Committee that he or she has incurred an "unforeseeable emergency" within the meaning of Code section 409A, the Participant may receive a distribution of the amount necessary to meet his or her unforeseeable emergency, as determined by the Committee in accordance with Code section 409A and regulations thereunder.

5.2 <u>Revised Election.</u> (a) Pursuant to a Revised Election, a Participant may specify:

(1) a date for the commencement of the payment of the Participant's Account that, if the Participant originally elected a specified date for payment (as opposed to payment upon Separation from Service), is a date at least five years after the date specified in the Participant's applicable Deferral Election; and/or

(2) a form of payment that calls for a greater number of annual installment payments than that specified in the Participant's applicable Deferral Election, or a number of annual installment payments where the Participant specified a single sum payment in his or her applicable Deferral Election, provided that the first installment begins no earlier than five years after the date on which the Participant originally elected that distribution commence.

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

(b) A Participant may make no more than three Revised Elections with respect to each of the Participant's Accounts.

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

(1) meet the requirements of Sections 5.2(a) and 5.2(b) above;

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

(3) be submitted to the Secretary of the Corporation on or before the date that is one year before the date on which the portion of the Participant's Account that is the subject of the Revised Election would, absent the Revised Election, first become payable.

5.3 SEC Rule 16b. If deemed necessary to comply with Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, the Corporation may delay payment with respect to Stock Units until six months following the date on which the Stock Units were credited to the Participant's Account.

Article VI
Miscellaneous

6.1 Amendment. The Board may modify or amend, in whole or in part, any of or all the provisions of the Plan, or suspend or terminate it entirely; provided, however, that any such modification, amendment, suspension or termination may not, without the Participant's consent, adversely affect any deferred amount credited to him or her under the Plan for any period prior to the effective date of such modification, amendment, suspension or termination, except that no Participant consent is necessary if such modification, amendment, suspension or termination is necessary to comply with the requirements of Code section 409A. The Plan shall remain in effect until terminated pursuant to this provision.

6.2 Administration. The Committee shall have the sole authority to interpret the Plan and in its sole discretion to establish and modify administrative rules for the Plan, including, but not limited to, establishing rules regarding elections, hypothetical investments and distributions. Elections made under the Plan shall be effective only to the extent made and filed in accordance with the rules specified in the Plan or such other rules as may be established by the Committee. The Committee may delegate to any person or persons the authority and responsibility for all or any aspect of administration of the Plan in its sole discretion. Notwithstanding any provision of the Plan to the contrary, the Committee shall administer the Plan in a manner that is consistent with the requirements of section 409A of the Code. All expenses and costs in connection with the operation of this Plan shall be borne by the Corporation. The Corporation shall have the right to deduct from any payment to be made pursuant to this Plan any federal, state or local taxes required by law to be withheld, and any associated interest and/or penalties.

6.3 Governing Law. The Plan shall be construed and its provisions enforced and administered in accordance with the laws of the Commonwealth of Pennsylvania except as such laws may be superseded by the federal law and without regard to Pennsylvania's conflict of laws rules.

6.4 Unfunded Plan. It is intended that the Plan constitute an "unfunded" plan for deferred compensation. The Corporation may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan; provided, however, that, unless the Corporation otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan. Any liability of the Corporation to any person with respect to any Account under the Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No such obligation of the Corporation shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Corporation.

Exhibit 10.20

UNISYS CORPORATION
2007 LONG-TERM INCENTIVE AND EQUITY COMPENSATION PLAN
(As Amended and Restated Effective January 1, 2009)

SECTION 1. PURPOSE; DEFINITIONS

The purpose of the Plan is to support the Company's ongoing efforts to attract, retain and develop exceptional talent and enable the Company to provide incentives directly linked to the Company's short and long-term objectives and to increases in shareholder value.

For purposes of the Plan, the following terms are defined as set forth below:

a. "AFFILIATE" means an entity which is not a Subsidiary, but in which the Company has an equity interest.

b. "ANNUAL INCENTIVE AWARD" means an Incentive Award made pursuant to Section 10 with a Performance Cycle of one year or less.

c. "AWARDS" mean grants under the Plan of Incentive Awards, Stock Options, Stock Appreciation Rights, Restricted Share or Other Stock-Based Awards.

d. "BENEFICIARY" means the individual, trust or estate who or which by designation of the Participant or operation of law succeeds to the rights and obligations of the Participant under the Plan and Award agreement upon the Participant's death.

e. "BOARD" means the Board of Directors of the Company.

f. "CODE" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

g. "COMMISSION" means the Securities and Exchange Commission or any successor agency.

h. "COMMITTEE" means the Compensation Committee of the Board or a subcommittee thereof, any successor thereto or such other committee or subcommittee as may be designated by the Board to administer the Plan.

i. "COMMON STOCK" or "STOCK" means the common stock of the Company, par value $0.01 per share.

j. "COMPANY" means Unisys Corporation or any successor thereto.

k. "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

l. “FAIR MARKET VALUE” means, on any date, the closing sales price of a share of Stock as reported on the New York Stock Exchange for that day, but not later than the earlier of the official close of the New York Stock Exchange or 4:00 p.m., U.S. Eastern Standard Time or Eastern Daylight Time, as the case may be.

m. “INCENTIVE AWARD” means any Award made pursuant to Section 10 that is either an Annual Incentive Award or a Long-Term Incentive Award.

n. “INCENTIVE STOCK OPTION” means any Stock Option that complies with Section 422 of the Code.

o. “LONG-TERM INCENTIVE AWARD” means an Incentive Award made pursuant to Section 10 with a Performance Cycle of more than one year.

p. “NONQUALIFIED STOCK OPTION” means any Stock Option that is not an Incentive Stock Option.

q. “NORMAL RETIREMENT DATE” means the date on which the Participant is eligible to retire with unreduced benefits under a defined benefit pension plan or arrangement of the Company or one of its Subsidiaries or Affiliates or, in the event that the Participant is not a member of such a plan or arrangement, the date on which the Participant attains age 65.

r. “OTHER STOCK-BASED AWARD” means an Award made pursuant to Section 9.

s. “PARTICIPANT” shall mean an eligible employee or non-employee director who has been selected to receive an Award under the Plan in accordance with Section 3.

t. “PERFORMANCE CYCLE” means the period selected by the Committee during which the performance of the Company or any Subsidiary, Affiliate or unit thereof or any individual is measured for the purpose of determining the extent to which an Award subject to Performance Goals has been earned.

u. “PERFORMANCE GOALS” mean the objectives for the Company or any Subsidiary, Affiliate or any unit, division or geographic region thereof or any individual that may be established by the Committee for a Performance Cycle with respect to any performance-based Awards made under the Plan. The Performance Goals for Awards that are intended to constitute “performance-based” compensation within the meaning of Section 162(m) of the Code will be based on one or more of the following criteria: earnings per share; total shareholder return; operating income; net income; cash flow; free cash flow; return on equity; return on capital; revenue growth; earnings before interest, taxes, depreciation and amortization (“EBITDA”); stock price; debt-to-capital ratio; stockholders’ equity per share; operating income as a percent of revenue; gross profit as a percent of revenue; selling, general and administrative expenses as a percent of revenue; operating cash flow; pre-tax profit; orders; revenue; customer value; or any of the foregoing criteria adjusted in a manner prescribed within the time permitted under Section 162(m) of the Code by the Committee (i) to exclude one or more specified components of the calculation thereof or (ii) to include one or more other specified items, including, but not limited to, exclusions under subsection (i) or inclusions under subsection (ii) designed to reflect changes during the Performance Cycle in generally accepted accounting principles or in tax rates, currency fluctuations, the effects of acquisitions or dispositions of a business or investments in whole or in part, extraordinary or nonrecurring items, the gain or loss from claims or litigation and related insurance recoveries, the effects of impairment of tangible or intangible assets, or the effects of restructuring or reductions in force or other business recharacterization activities, income or expense related to defined benefit or defined contribution pension plans, uninsured losses from natural catastrophes or political and legal developments affecting the Company's business (including losses as a result of war, terrorism, confiscation, expropriation, seizure, new regulatory requirements, business interruption or similar events).

v. "PLAN" means the Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan, as set forth herein and as may be amended from time to time.

w. "RESTRICTED PERIOD" means the period during which an Award may not be sold, assigned, transferred, pledged or otherwise encumbered.

x. "RESTRICTED SHARE" means an Award of shares of Stock pursuant to Section 8.

y. "SPREAD VALUE" means, with respect to a share of Stock subject to an Award, an amount equal to the excess of the Fair Market Value, on the date such value is determined, over the Award's exercise or grant price, if any.

z. "STOCK APPRECIATION RIGHT" or "SAR" means a right granted pursuant to Section 7.

aa. "STOCK OPTION" means an option granted pursuant to Section 6.

bb. "SUBSIDIARY" shall have the meaning set forth in Section 424(f) of the Code.

cc. "TERMINATION OF EMPLOYMENT" means the voluntary or involuntary termination of a Participant's employment with the Company or a Subsidiary or Affiliate (or, in the case of a non-employee director, termination of service on the Board) for any reason, including death, disability, retirement or as a result of the divestiture of the Participant's employer or any similar transaction in which the Participant's employer ceases to be the Company or one of its Subsidiaries or Affiliates. The Committee, in its sole discretion, shall determine whether a Termination of Employment is a result of disability, and shall determine whether military or other government or eleemosynary service constitutes a Termination of Employment. To the extent necessary, "Termination of Employment" will be limited to those circumstances that constitute a "separation from service" within the meaning of Section 409A of the Code.

In addition, the terms "Business Combination," "Change in Control," "Change in Control Price," "Incumbent Board," "Outstanding Stock," "Outstanding Voting Securities" and "Person" have the meanings set forth in Section 11.

SECTION 2. ADMINISTRATION

The Plan will be administered by the Committee, which will have the power to interpret the Plan and to adopt such rules and guidelines for carrying out the Plan, as it may deem appropriate. The Committee will have the authority to adopt such modifications, procedures and subplans, consistent with the objectives of the Plan, as may be necessary or desirable to comply with the laws, regulations, practices and tax and accounting principles of the countries in which the Company or a Subsidiary or Affiliate may operate and/or to assure the economic viability of Awards made to individuals employed in such countries.

Subject to the terms of the Plan, the Committee will have the authority to determine those individuals eligible to receive Awards and the amount, type and terms of each Award and to establish and administer any Performance Goals applicable to such Awards, but, at the discretion of the Board, these determinations may be made subject to ratification by the Board.

The Committee may delegate its authority and power under the Plan in whole or in part to a subcommittee consisting of two or more non-employee directors who are "outside directors" within the meaning of Section 162(m) of the Code. The Committee may similarly delegate its authority or power under the Plan to one or more officers of the Company, subject to guidelines prescribed by the Committee, with respect to Participants who are not subject to Section 16 of the Exchange Act and who are not "covered employees" within the meaning of Section 162(m) of the Code.

Any determination made by the Committee or pursuant to delegated authority in accordance with the provisions of the Plan with respect to any Award will be made in the sole discretion of the Committee or such delegate, and all decisions made by the Committee or any appropriately designated officer pursuant to the provisions of the Plan will be final and binding on all persons, including the Company and Plan Participants, but subject to ratification by the Board if the Board so provides.

SECTION 3. ELIGIBLE PARTICIPANTS

Participants in the Plan shall be such employees of the Company and its Subsidiaries or Affiliates, including elected officers, and non-employee directors of the Company, that are selected by the Committee, in its sole discretion, from time to time to receive an Award under the Plan. The Plan is discretionary in nature, and the grant of Awards by the Committee is voluntary and occasional. The Committee's selection of an eligible employee to receive an Award in any year or at any time shall not require the Committee to select such employee to receive an Award in any other year or at any other time. The selection of an employee to receive one type of Award under the Plan does not require the Committee to select such employee to receive any other type of Award under the Plan. The Committee shall consider such factors as it deems pertinent in selecting Participants and in determining the type and amount of their respective Awards.

SECTION 4. STOCK SUBJECT TO PLAN

The number of shares of Stock authorized for issuance under the Plan will be 24.0 million shares. Any or all of the authorized shares may be issued pursuant to the exercise of Stock Options awarded under the Plan, and all such shares may be issued pursuant to the exercise of Incentive Stock Options. If any Award is cashed out or exercised or terminates or expires without a payment being made to the Participant in the form of Stock, the shares subject to such Award, if any, will again be available for issuance in connection with Awards under the Plan. Notwithstanding the foregoing, however, (a) shares of Stock tendered in payment of the exercise price of an Option, (b) shares of Stock withheld by the Company to satisfy any tax withholding obligation with respect to an Award, and (c) shares of Stock that are repurchased by the Company on the open market with the proceeds of the exercise of an Option, may not again be available for issuance in connection with Awards under the Plan. Also notwithstanding the foregoing, if the Spread Value of a SAR is paid in shares of Stock, the shares representing the excess, if any, of (a) the number of shares of Stock subject to the SAR over (b) the number of shares of Stock delivered in payment of the Spread Value may not again be available for issuance in connection with Awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, share exchange, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants or other change in corporate structure affecting the Stock after adoption of the Plan by the Board, the aggregate number and kind of shares reserved for issuance under the Plan, the number, kind and price of shares subject to outstanding Awards and the Award limits set forth in Sections 4 and 5 shall be proportionately substituted for or adjusted to reflect such change in corporate structure, provided, however, that any such substitutions or adjustments will be consistent with the treatment of shares of Stock not subject to the Plan.

SECTION 5. AWARDS — GENERAL TERMS AND LIMITATIONS

(a) AWARDS GRANTED AT FAIR MARKET VALUE. The exercise price of a Stock Option and the grant price of an SAR may not be less than 100% of the Fair Market Value on the date of grant. In addition, to the extent that the value of an Other Stock-Based Award is based on Spread Value, the grant price for the Other Stock-Based Award may not be less than 100% of the Fair Market Value on the date of grant. Notwithstanding the foregoing, in connection with any reorganization, merger, consolidation or similar transaction in which the Company or any Subsidiary or Affiliate of the Company is a surviving corporation, the Committee may grant Stock Options, SARs or Other Stock-Based Awards in substitution for similar awards granted under a plan of another party to the transaction and may adjust Awards under this Plan, and in such a case the exercise price or grant price of the substituted Stock Options, SARs or

Other Stock-Based Awards granted by the Company may equal or exceed 100% of the Fair Market Value on the date of grant reduced by any unrealized gain existing as of the date of the transaction in the option, stock appreciation right or other award being replaced; provided, however, that the exercise price, grant price or other adjustment does not exceed the price or adjustment permitted for the grant not to be considered a new grant in accordance with regulations under Section 409A of the Code and Section 424 of the Code for an Incentive Stock Option.

(b) ANNUAL AWARD LIMITATION. The total number of Restricted Shares and other shares of Stock subject to or underlying Stock Options, SARs and Other Stock-Based Awards awarded to any Participant during any year may not exceed (i) two million shares, multiplied by (ii) the number of calendar years during which the Participant was eligible to participate in the Plan in accordance with Section 3 above, and reduced by (iii) the number of shares with respect to which the Participant has received awards of Restricted Stock, Stock Options, SARs and/or Other Stock-Based Awards under the Plan. An Annual Incentive Award paid to a Participant with respect to any Performance Cycle may not exceed \$5,000,000. A Long-Term Incentive Award paid to a Participant with respect to any Performance Cycle may not exceed \$3,000,000 times the number of years in the Performance Cycle.

(c) PERFORMANCE-BASED AWARDS. In the discretion of the Committee, any Award granted pursuant to the Plan may be designated as a performance-based award intended to qualify, through the application of Performance Goals over a specified Performance Cycle, as “performance-based compensation” within the meaning of Code Section 162(m).

(d) MINIMUM VESTING PERIODS. Except in the case of a new-hire Award or under such other circumstances deemed appropriate by the Committee, no Stock Option, Stock Appreciation Right, Restricted Share or Other Stock-Based Award may be granted with a vesting period of less than one year.

SECTION 6. STOCK OPTIONS

(a) STOCK OPTION AWARDS. A Stock Option represents the right to purchase a share of Stock at a predetermined exercise price. Stock Options granted under the Plan will be in the form of Incentive Stock Options or Nonqualified Stock Options. The terms and conditions of each Stock Option Award, including the Stock Option term, exercise price, applicable vesting periods and any other restrictions/conditions on exercise, will be determined in the sole discretion of the Committee and will be set forth in an Award agreement.

(b) DURATION OF STOCK OPTIONS. Stock Options will terminate after the first to occur of the following:

(1) Expiration of the Stock Option as provided in the applicable Award agreement;

(2) Termination of the Stock Option Award, as provided in Section 6(d), following the Participant's Termination of Employment; or

(3) Ten years from the date of grant.

(c) ACCELERATION/EXTENSION OF EXERCISE TIME. The Committee, in its sole discretion, shall have the right (but shall not in any case be obligated) to permit purchase of shares under any Stock Option prior to the time such Option would otherwise vest under the terms of the applicable Award agreement. In addition, the Committee, in its sole discretion, shall have the right (but shall not in any case be obligated) to permit any Stock Option granted under the Plan to be exercised after its termination date described in Section 6(d), but in no event later than the last day of the term of the Stock Option as set forth in the applicable Award agreement. Notwithstanding the foregoing, the Committee will not extend the exercise period of any Option to the extent that the extension would cause the Option to be considered nonqualified deferred compensation subject to the provisions of Section 409A of the Code.

(d) EXERCISE OF STOCK OPTIONS UPON TERMINATION OF EMPLOYMENT. Except as otherwise provided in this Section 6(d) or in Section 6(c), or as otherwise expressly provided in a Participant's Award agreement as authorized by the Committee, the right of the Participant to exercise Stock Options shall terminate upon the Participant's Termination of Employment, regardless of whether or not the Stock Options were vested in whole or in part on the date of Termination of Employment.

(1) ***Disability or Normal Retirement.*** Upon a Participant's Termination of Employment by reason of disability or retirement on or after his/her Normal Retirement Date, a Participant may, within five years after the Termination of Employment, exercise all or a part of his/her Stock Options that were vested upon such Termination of Employment (or which became vested at a later date pursuant to Section 6(d)(3) below). In no event, however, may any Stock Option be exercised later than the last day of the term of the Stock Option as set forth in the applicable Award agreement.

(2) ***Death.*** In the event of the death of a Participant while employed by the Company or a Subsidiary or Affiliate, or within the additional period of time from the date of Termination of Employment and prior to the termination of the Stock Option as permitted under Section 6(d)(1) or Section 6(d)(3)(B), to the extent that the right to exercise the Stock Option had vested as of the date of the Participant's death, the right of the Participant's Beneficiary to exercise the vested portion of the Stock Option shall expire on the earliest of (A) five years from the date of the Participant's death, (B) five years from the date of the Participant's Termination of Employment, (C) the last day of the term of the Stock Option as set forth in the applicable Award agreement or (D) such other date set forth in the Award agreement as authorized by the Committee.

(3) ***Termination of Employment at Age 55 with Five Years of Service.*** Notwithstanding anything in this Section 6 to the contrary, unless otherwise provided in the applicable Award agreement, if Termination of Employment occurs after the Participant has attained

age 55 and completed five years of service with the Company and/or its Subsidiaries or Affiliates, (A) the Participant shall continue to vest in each of his/her Stock Options in accordance with the vesting schedules set forth in the applicable Award agreements, and (B) the Participant may exercise his/her Stock Options, to the extent that the Stock Options have vested as of the Termination of Employment or thereafter in accordance with Section 6(d)(3)(A), for a period of five years from the date of the Participant's Termination of Employment. In no event, however, may any Stock Option be exercised later than the last day of the term of the Stock Option as set forth in the applicable Award agreement.

(e) EXERCISE PROCEDURES. Subject to the applicable Award agreement, Stock Options may be exercised, in whole or in part, by giving written notice of exercise to the Company or its designee specifying the number of shares to be purchased. This notice must be accompanied by payment in full of the exercise price by certified or bank check or such other instrument as the Company or its designee may accept. If authorized by the Committee, payment in full or in part may also be made (1) in the form of Stock already owned by the Participant valued at the Fair Market Value on the date the Stock Option is exercised, or (2) through a cashless exercise program authorized by the Company.

(f) INCENTIVE STOCK OPTIONS. Except as otherwise expressly provided in the Plan, the Committee may designate, at the time of grant, that the Stock Option is an Incentive Stock Option under Section 422 of the Code. Whenever possible, each provision of the Plan and applicable Award agreement shall be interpreted in such a manner as to entitle the Stock Option to the tax treatment afforded by Section 422 of the Code. If any provision of the Plan or any Option designated by the Committee as an Incentive Stock Option shall be held not to comply with requirements necessary to entitle such Option to such tax treatment, then (1) such provision shall be deemed to have contained from the outset such language as shall be necessary to entitle the Option to the tax treatment afforded under Section 422 of the Code, and (2) all other provisions of the Plan and the Award agreement shall remain in full force and effect. If any agreement covering a Stock Option designated by the Committee to be an Incentive Stock Option under this Plan shall not explicitly include any terms required to entitle such Incentive Stock Option to the tax treatment afforded by Section 422 of the Code, all such terms shall be deemed implicit in the designation of such Option and the Option shall be deemed to have been granted subject to all such terms. In no event will an Option that is not specifically designated as an Incentive Stock Option be treated as an Incentive Stock Option.

SECTION 7. STOCK APPRECIATION RIGHTS

(a) STOCK APPRECIATION RIGHTS AWARDS. A SAR represents the right to receive a payment, in cash, shares of Stock or both (as determined by the Committee), equal to the Spread Value on the date the SAR is exercised. The grant price of a SAR and all other applicable terms and conditions will be established by the Committee in its sole discretion and will be set forth in the applicable Award agreement. Subject to the terms of the applicable Award agreement, a SAR will be exercisable, in whole or in part, by giving written notice of exercise to the Company, but in no event will a SAR be exercisable later than the tenth anniversary of the date on which it was granted.

SECTION 8. RESTRICTED SHARES

(a) RESTRICTED SHARE AWARDS. The Committee may grant to any Participant an Award of shares of Common Stock in such quantity, and on such terms, conditions and restrictions (whether based on Performance Goals, periods of service or otherwise) as the Committee shall establish in its sole discretion. The terms of any Restricted Share Award granted under this Plan shall be set forth in an Award agreement.

(1) ***Issuance of Restricted Shares.*** As soon as practicable after the date of grant of a Restricted Share Award by the Committee, the Company shall register in the books of the Company, shares of Common Stock, evidencing the Restricted Shares covered by the Award, but subject to forfeiture to the Company as of the date of grant if an Award agreement with respect to the Restricted Shares covered by the Award is not duly executed by the Participant and timely returned to the Company. At the discretion of the Company, the shares will be registered on behalf of the Participant in book entry form or will be registered in the name of the Participant with a stock certificate, appropriately legended to reference the applicable restrictions, duly issued. All shares of Common Stock covered by Awards under this Section 8 shall be subject to the restrictions, terms and conditions contained in the Award agreement.

(2) ***Stockholder Rights.*** Beginning on the date of grant of the Restricted Share Award and subject to execution of the Award Agreement provided for in Section 8(a)(1), the Participant will become a stockholder of the Company with respect to all shares represented under the Award agreement and shall have all of the rights of a stockholder, including, but not limited to, the right to vote such shares and the right to receive any dividends (or dividend equivalents) paid on such shares; provided, however, that any shares of Common Stock distributed as a dividend or otherwise with respect to any Restricted Shares as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such Restricted Shares and shall be represented by book entry and held as prescribed in Section 8.

(3) ***Restriction on Transferability.*** None of the Restricted Shares may be assigned or transferred (other than by will or the laws of descent and distribution, or to an inter vivos trust with respect to which the Participant is treated as the owner under Sections 671 through 677 of the Code), pledged or sold prior to the lapse of the restrictions applicable to the shares.

(4) ***Delivery of Shares Upon Vesting.*** Upon the expiration or earlier termination of the forfeiture period without forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under the provisions of Section 8(b)(2), the restrictions applicable to the Restricted Shares shall lapse. As promptly as administratively feasible thereafter, the Company shall deliver to the Participant or, in case of the Participant's death, to the Participant's Beneficiary, a

stock certificate for the appropriate number of shares of Common Stock, free of all such restrictions, except for any restrictions that may be imposed by law, unless the Company has made arrangements to have shares of Common Stock held at a bank or other appropriate institution in non-certified form. The appropriate number of shares shall equal the number of Restricted Shares with respect to which the restrictions have lapsed, less the number of shares of Common Stock whose Fair Market Value as of the date on which the restrictions lapse is equal to such amount as is determined by the Company to be sufficient to satisfy applicable federal, state and local withholding tax requirements. The Company shall remit in a timely manner to the appropriate taxing authorities the amount so withheld. Although the Stock certificate delivered to the Participant or the Participant's Beneficiary will be for a net number of shares, the Participant or the Participant's Beneficiary shall be considered, for tax purposes, to have received a number of shares of Common Stock equal to the full number of Restricted Shares with respect to which the restrictions have lapsed.

(b) TERMS OF RESTRICTED SHARES.

(1) ***Forfeiture of Restricted Shares.*** Subject to Section 8(b)(2) and Section 11, all of the Restricted Shares with respect to a Restricted Share Award shall be forfeited and returned to the Company and all rights of the Participant with respect to such Restricted Shares shall terminate unless the Participant continues in the service of the Company or a Subsidiary or an Affiliate as an employee or a non-employee director until the expiration of the forfeiture period and satisfies any other conditions set forth in the Award agreement.

(2) ***Waiver of Forfeiture Period.*** Notwithstanding anything contained in this Section 8 to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award agreement under certain circumstances (including the death, disability or retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted Shares) as the Committee shall deem appropriate.

SECTION 9. OTHER STOCK-BASED AWARDS

(a) OTHER STOCK-BASED AWARDS. The Committee may grant Awards, other than Stock Options, SARs or Restricted Shares, that are denominated in, valued in whole or in part by reference to, or otherwise based on or related to, Stock. The purchase, exercise, exchange or conversion of Other Stock-Based Awards granted under this Section 9 and all other terms and conditions applicable to the Awards will be determined by the Committee in its sole discretion and will be set forth in an applicable Award agreement.

SECTION 10. INCENTIVE AWARDS

(a) INCENTIVE AWARDS. Incentive Awards are performance-based Awards that are expressed in U.S. currency, but that may be payable in the form of cash, Stock or a combination of both. Incentive Awards may be either Annual Incentive Awards or Long-Term Incentive Awards. The target amount of the Award, the Performance Goals and applicable Performance Cycle, the form of payment and other terms and conditions applicable to an Incentive Award will be determined in the sole discretion of the Committee and will be set forth in an Award agreement. Except as otherwise specifically provided in an Award agreement, payment with respect to an Incentive Award will be made during the calendar year following the year in which the performance period to which the Incentive Award relates ends.

SECTION 11. CHANGE IN CONTROL PROVISIONS

(a) IMPACT OF EVENT. Notwithstanding any other provision of the Plan to the contrary, and except to the extent expressly provided otherwise in an Award agreement, in the event of a Change in Control:

(1) ***Stock Options.*** All Stock Options outstanding as of the date the Change in Control occurs will become fully vested and will be exercisable in accordance with procedures established by the Committee. In addition, a Participant who is an elected officer of the Company and whose employment is involuntarily terminated by the Company within 60 days after a Change in Control will be permitted to surrender for cancellation within 60 days after the Change in Control any Stock Option or portion of a Stock Option to the extent not exercised and to receive a payment of shares of Stock having an aggregate Fair Market Value on the date the Participant surrenders the Stock Option equal to the excess, if any, of (A) the Change in Control Price, over (B) the exercise price of the Stock Option. The provisions of this Section 11(a)(1) will not be applicable to any Stock Options granted to a Participant if the Change in Control results from the Participant’s beneficial ownership (within the meaning of Rule 13d(3) under the Exchange Act) of Stock or Voting Securities.

(2) ***Stock Appreciation Rights.*** All SARs outstanding as of the date the Change in Control occurs will become fully vested and will be exercisable in accordance with procedures established by the Committee. The provisions of this Section 11(a)(2) will not be applicable to any SARs granted to a Participant if the Change in Control results from the Participant’s beneficial ownership (within the meaning of Rule 13d(3) under the Exchange Act) of Stock or Voting Securities.

(3) ***Restricted Shares.*** The restrictions and other conditions applicable to any Restricted Shares held by the Participant will lapse and Restricted Shares will become fully vested as of the date of the Change in Control.

(4) ***Incentive Awards.*** Any Incentive Awards relating to Performance Cycles before the Performance Cycle in which the Change in Control occurs that have been earned but not paid will become immediately payable in cash upon the Change in Control. In addition, any Incentive Award awarded to a Participant for a Performance Cycle that has not been completed at the time of the Change in Control will be deemed to be satisfied at the target level for the Performance Cycle, and payment with respect to the Incentive Award will be

made in cash upon the Change in Control. Notwithstanding the foregoing, if the Committee in its sole discretion determines that any Incentive Award would be considered nonqualified deferred compensation within the meaning of Section 409A of the Code, and if the Change in Control would not be considered a “change in control” for purposes of Section 409A of the Code, then a Participant’s entitlement to payment with respect to the Incentive Award will be determined as described above in this Section 11(a)(4), but payment with respect to such Incentive Award will be made on the earlier of (A) the date originally scheduled for payment or (B) for a Participant who is a “specified employee” within the meaning of Section 409A of the Code and as designated by the Committee, the first day of the seventh month following the date of the Participant’s Termination of Employment, or, for any other Participant, the Participant’s Termination of Employment.

(5) ***Other Stock-Based Awards.*** Other Stock-Based Awards that vest solely on the basis of the passage of time will be treated in connection with a Change in Control in the same manner as are Awards of Restricted Shares, as described in Section 11(a)(3) above. Other Stock-Based Awards that vest on the basis of the satisfaction of performance criteria will be treated in connection with a Change in Control in the same manner as are Incentive Awards, as described in Section 11(a)(4) above, except that payment will be made only in shares of Stock. Notwithstanding the foregoing, if the Committee in its sole discretion determines that any Other Stock-Based Award would be considered nonqualified deferred compensation within the meaning of Section 409A of the Code, and if the Change in Control would not be considered a “change in control” for purposes of Section 409A of the Code, then a Participant’s entitlement to payment with respect to the Other Stock-Based Award will be determined as described above in this Section 11(a)(5), but payment with respect to such Other Stock-Based Award will be made on the earlier of (A) the date originally scheduled for payment or (B) for a Participant who is a “specified employee” within the meaning of Section 409A of the Code and as designated by the Committee, the first day of the seventh month following the date of the Participant’s Termination of Employment, or, for any other Participant, the Participant’s Termination of Employment.

(b) DEFINITION OF CHANGE IN CONTROL. A “Change in Control” means any of the following events:

(1) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a “Person”)) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding shares of Stock (the “Outstanding Stock”) or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Voting Securities”), provided, however, that the following acquisitions will not constitute a Change in Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (4) any acquisition by any corporation pursuant to a transaction described in clauses (A), (B) and (C) of paragraph (3) of this Section 11(b); or

(2) Individuals who, as of the effective date of the Plan, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided, however, that any individual’s becoming a director after the effective date of the Plan whose election, or nomination for election by the stockholders of the Company, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though the individual were a member of the Incumbent Board, but excluding, for this purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(3) Consummation of a reorganization, merger or consolidation or sale or disposition of all or substantially all of the assets of the Company (a “Business Combination”), unless, in each case following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Stock and Outstanding Voting Securities immediately before the Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of the transaction owns the Company or all or substantially all of the assets of the Company either directly or indirectly through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Stock and Outstanding Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or the corporation resulting from the Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from the Business Combination or the combined voting power of the then outstanding voting securities of the corporation except to the extent that the Person owned 20% or more of the Outstanding Stock or Outstanding Securities before the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from the Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for the Business Combination; or

(4) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(c) DEFINITION OF CHANGE IN CONTROL PRICE. “Change in Control Price” means the greater of (A) the highest Fair Market Value of a share of Stock during the 60-day period ending on the date of the Change in Control, and (B) the highest price per share of Stock paid to holders of Stock in any transaction (or series of transactions) constituting or resulting from the Change in Control, provided, however, that, in the case of Incentive Stock Options, unless the Committee otherwise provides, such price will be based only on transactions occurring on the date on which the Incentive Stock Options are cashed out.

SECTION 12. PLAN AMENDMENT AND TERMINATION

The Board may amend, suspend or terminate the Plan at any time, provided that no such amendment will be made without stockholder approval if such approval is required under applicable law, or if such amendment would increase the total number of shares of Stock that may be distributed under the Plan. Except as otherwise provided under Section 4, Stock Options may not be repriced (whether through modification of the exercise price of the Stock Option after the date of grant or through an option exchange program) without the approval of the Company's stockholders.

Except as set forth in any Award agreement, no amendment or termination of the Plan may materially and adversely affect any outstanding Award under the Plan without the Award recipient's consent.

SECTION 13. PAYMENTS AND PAYMENT DEFERRALS

Payment of Awards may be in the form of cash, Stock, other Awards or combinations thereof as the Committee may determine, and with such restrictions as it may impose. The Committee, either at the time of grant or by subsequent amendment, may require or permit deferral of the payment of Awards under such rules and procedures as it may establish. It also may provide that deferred settlements include the payment or crediting of interest or other earnings on the deferred amounts, or the payment or crediting of dividend equivalents where the deferred amounts are denominated in Stock equivalents. Notwithstanding the foregoing, no action will be taken or authorized pursuant to this Section 13 to the extent that it would violate the requirements of Section 409A of the Code or cause any Stock Option or SAR to be considered to provide for the deferral of compensation within the meaning of Section 409A of the Code.

SECTION 14. DIVIDENDS AND DIVIDEND EQUIVALENTS

The Committee may provide that any Awards under the Plan earn dividends or dividend equivalents. Such dividends or dividend equivalents may be paid currently or may be credited to a Participant's Plan account. Any crediting of dividends or dividend equivalents may be subject to such restrictions and conditions as the Committee may establish, including reinvestment in additional shares of Stock or Stock equivalents to the extent permitted by applicable law. The granting of rights to dividends or dividend equivalents in connection with the Award of a Stock Option or a SAR shall not be directly or indirectly contingent on the exercise of the Stock Option or SAR to the extent such rights would be considered to offset the exercise price of the Stock Option or increase the amount payable under the SAR under Section 409A of the Code. Any other grant of dividends or dividend equivalents to the extent the grant is made to a Participant who is or could be subject to Section 409A of the Code shall be made on such terms either that shall comply with the requirements of Section 409A of the Code or that are not subject to Section 409A of the Code.

SECTION 15. TRANSFERABILITY

Except to the extent permitted by the Award agreement, either initially or by subsequent amendment, Awards will not be transferable or assignable other than by will or the laws of descent and distribution, and will be exercisable during the lifetime of the recipient only by the recipient.

SECTION 16. AWARD AGREEMENTS

Each Award under the Plan will be evidenced by a written agreement (which need not be signed by the recipient unless otherwise specified by the Committee or otherwise provided under the Plan) that sets forth the terms, conditions and limitations for each Award. Such terms may include, but are not limited to, the term of the Award, vesting and forfeiture provisions, and the provisions applicable in the event of the recipient’s Termination of Employment. The Committee may amend an Award agreement, provided that no such amendment may materially and adversely affect an outstanding Award without the Award recipient’s consent.

SECTION 17. UNFUNDED STATUS OF PLAN

It is presently intended that the Plan constitute an “unfunded” plan for incentive and deferred compensation. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or make payments; however, unless the Committee otherwise determines, the structure of such trusts or other arrangements must be consistent with the “unfunded” status of the Plan.

SECTION 18. GENERAL PROVISIONS

(a) The Committee may require each person acquiring shares of Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to the distribution thereof. The certificates for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Common Stock or other securities delivered under the Plan will be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange upon which the Stock is then listed and any applicable Federal, state or foreign securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in this Plan will prevent the Company or a Subsidiary or Affiliate from adopting other or additional benefit arrangements for its employees or directors.

(c) The adoption of the Plan will not confer upon any employee any right to continued employment nor will it interfere in any way with the right of the Company or a Subsidiary or Affiliate to terminate the employment of any employee at any time. To the extent that an employee of a Subsidiary or Affiliate receives an Award under the Plan, that Award can in no event be understood or interpreted to mean that the Company is the employee's employer or that the employee has an employment relationship with the Company.

(d) Except as otherwise provided under Section 8(a)(4), no later than the date as of which an amount first becomes includible in the gross income of the Participant for Federal, state, local, or foreign income or social security tax purposes with respect to any Award under the Plan, the Participant will pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, withholding obligations arising from an Award may be settled with Stock, including Stock that is part of, or is received upon exercise or conversion of, the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan will be conditional on such payment or arrangements, and the Company and its Subsidiaries or Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant. The Committee may establish such procedures as it deems appropriate, including the making of irrevocable elections, for the settling of withholding obligations with Stock.

(e) On receipt of written notice of exercise, the Committee may elect to cash out all or a portion of the shares of Stock for which a Stock Option is being exercised by paying the Participant an amount, in cash or Stock, equal to the Spread Value of such shares on the date such notice of exercise is received.

(f) The Plan and all Awards made and actions taken thereunder will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to Pennsylvania's conflict of laws rules.

(g) If any provision of the Plan is held invalid or unenforceable, the invalidity or unenforceability will not affect the remaining parts of the Plan, and the Plan will be enforced and construed as if such provision had not been included.

(h) Any reference in the Plan to a provision of the Code, the Exchange Act or other law may be interpreted by the Committee, in its discretion, to encompass any successor provision of the law.

(i) If approved by stockholders of the Company, the Plan will be effective as of April 26, 2007. The Plan as amended and restated herein is effective January 1, 2009.

(j) No Award may be granted under the Plan after April 25, 2017.

Exhibit 10.21

Amendment to

Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan

Effective February 12, 2009

The Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan (the “Plan”) is hereby amended, effective February 12, 2009, as follows:

1. The second paragraph of Section 4 of the Plan is amended to add the following language at the end thereof, immediately after the word “Plan”:

> , and with respect to Stock Options and SARs, such that (a) on an aggregate basis, the Spread Value with respect to such Stock Options or SARs immediately after the change does not exceed the Spread Value immediately before the change, (b) on a share by share basis, the ratio of the Fair Market Value of the shares of Stock subject to such Stock Options or SARs to the exercise price for such shares is not more favorable to the Participant immediately after the change as compared to such ratio immediately before the change, (c) to the extent new Stock Options or SARs are granted, any old, related Stock Options or SARs shall be cancelled, (d) all other terms of the Stock Options or SARs remain the same except to the extent they become inoperative by reason of the transaction, and (e) no additional benefits are provided under any new or adjusted Stock Options or SARs.

2. Except as amended hereby, the Plan shall continue in full force and effect.

Exhibit 10.23

Amendment to the
Unisys Corporation
Executive Life Insurance Program

The Unisys Corporation Executive Life Insurance Program (the “Program”) is hereby amended, effective January 1, 2009, solely to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended, in accordance with Internal Revenue Service Notice 2007-34:

1. Section 2.16 of the Program is amended in its entirety to read as follows:

“2.16 Retirement.

‘Retirement’ means, for any Employee, his or her separation from service, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), for reasons other than death, on or after the date the Employee reaches the Employee’s earliest retirement date under a retirement plan sponsored by the Employer in accordance with the terms of such retirement plan as in effect on December 31, 2008.”

2. Section 5.1 of the Program is amended to read in its entirety as follows:

“5.1. Termination of Participation.

“Termination of a Participant’s participation under the Program will occur upon either of the following events: (1) termination of the Plan under Section 9.2 or (2) the later of the Participant’s Retirement or fifteen years from the date of issuance of the Policy that was in effect with respect to the Participant on December 31, 2008, which shall coincide with the termination of the Collateral Assignment Agreement. Thereafter, the Participant shall have no life insurance coverage or any other rights under this Program, but shall have rights to life insurance coverage solely in accordance with the Participant’s Policy.”

3. Section 9.2 of the Program is amended to read in its entirety as follows:

“9.2 Amendment and Termination of Plan.

“The Company, through action of the Committee, may, in its sole discretion, amend or terminate the Program in whole or in part at any time. The Program will also terminate, without notice, upon the approval of a bankruptcy court pursuant to 11 U.S.C. section 503(b)(1)(A) or the dissolution of the Company taxed under section 331 of the Code.”

This Amendment to the Program is hereby executed, December , 2008.

Unisys Corporation

By: ______________________________

Patricia A. Bradford, Senior Vice President
Worldwide Human Resources

Exhibit 10.25

UNISYS CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT INCOME PLAN
(AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 2009)

PREAMBLE

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

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

The provisions of Part IV of the Supplemental Plan (effective from April 1, 1988 through May 31, 1988) have been amended and restated effective June 1, 1988 and later amended and restated effective January 1, 2005 and Part IV was renamed the Unisys Corporation Elected Officers' Pension Plan. The provisions of that plan are set forth in a separate plan document.

The Supplemental Plan has been amended and restated several times since April 1, 1988. The Supplemental Plan was frozen effective after December 31, 2006 so that no additional benefits may be accrued hereunder after December 31, 2006.

The Supplemental Plan is now hereby further amended and restated effective January 1, 2009 to implement changes required pursuant to and consistent with section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the final regulations issued thereunder. Benefit payments on or after January 1, 2009 are generally governed by this Supplemental Plan document as amended and restated effective January 1, 2009. Supplemental Plan benefit payments commencing prior to January 1, 2009 are governed by the terms of the Supplemental Plan as they existed prior to this amendment and restatement and are either grandfathered from the requirements of section 409A of the Code or payable pursuant to a fixed schedule as required by, and in compliance with, section 409A of the Code. Between January 1, 2005 and December 31, 2008 the Supplemental Plan has been operated in accordance with transition relief established by the Treasury Department and Internal Revenue Service pursuant to section 409A of the Code. This amendment and restatement is adopted in conformity with final regulations under section 409A of the Code issued by the Treasury Department on April 10, 2007 and effective January 1, 2009.

The Supplemental Plan as set forth herein only applies to those Participants in the Supplemental Plan who are entitled to commence a benefit from the Supplemental Plan after December 31, 2008, but does not apply to that portion of a Participant's benefit under the Plan that was earned and vested on December 31, 2004, within the meaning of Treasury Regulations section 1.409A-6(a)(2) (the "Pre-2005 Benefit"). Any Participant who is entitled to commence his or her Pre-2005 Benefit from the Plan after December 31, 2008, and (a) who terminated employment prior to January 1, 2005, shall have the terms and conditions of his or her Pre-2005 Benefit governed by the terms and conditions of the Supplemental Plan as in effect on the date of his or her termination of employment, or (b) who terminates employment at any time on or after January 1, 2005, shall have the terms and conditions of his or her Pre-2005 Benefit governed by the terms and conditions of the Supplemental Plan as in effect on October 3, 2004.

Purpose

The Supplemental Plan (which consolidates the provisions of Parts I and II of the Burroughs Plan) provides for the payment of pension benefits that would have been paid under the Company Plan but for the benefit limitations imposed by the Code. The Supplemental Plan also provides for the payment of pension benefits that would have been paid under the Company Plan if deferred salary, bonuses and commissions had been included in the calculation of the employee's Compensation. The Supplemental Plan, as amended and restated herein, is intended to be maintained and operated in accordance with the requirements of section 409A of the Code and the regulations issued thereunder with respect to any portion of a Participant's benefit under the Supplemental Plan that is paid on or after January 1, 2009.

Effective Date

Effective after December 31, 2006, the Supplemental Plan was frozen and no additional benefits may be accrued hereunder. The Supplemental Plan, as amended and restated herein, is effective January 1, 2009.

ARTICLE I – SUPPLEMENTAL BENEFITS

1.1 Eligibility

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

(b) Each Employee who is a Participant in the Company Plan and who has elected to defer base pay, bonus and commissions is eligible for the benefits described in Section 1.2(a)(2) hereunder.

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

(d) An Employee entitled to receive a benefit under the Supplemental Plan shall hereinafter be referred to as a "Participant".

(e) Notwithstanding any provision in this Supplemental Plan to the contrary, an Employee who is hired or rehired on or after January 1, 2007 shall not become a Participant in the Supplemental Plan on or after such date (or resume participation in the Supplemental Plan on or after such date).

1.2 Calculation of Supplemental Pension Benefit

(a) Subject to subsections (b) and (e), a Participant or the Participant's Beneficiary, if applicable, shall be entitled to receive a supplemental pension benefit under this Supplemental Plan equal to the pension benefit that would have been paid to such Participant or his or her Beneficiary under the terms of the Company Plan, calculated as if:

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

(2) any deferred compensation under an arrangement approved by the Board (or its delegate) not included in the Company Plan had been included in the Participant's Compensation in the month in which the Participant would have received the bonus or variable compensation amount or salary (but for the Participant's election to defer).

(b) The supplemental pension benefit calculated under subsection (a) shall be reduced by the Participant's Pre-2005 Benefit and his or her benefit payable under the Company Plan, which reductions shall be applied separately with respect to that portion of each benefit that comprises the Retirement Accumulation Account and that portion that comprises the Residual Annuity. For purposes of determining the present value of the Pre-2005 Benefit in accordance with Treasury Regulations section 1.409A-6(a)(3), the actuarial assumptions in Appendix C Table IX of the Company Plan shall be applied. The Pre-2005 Benefit and the benefit payable under the Company Plan shall be calculated as of the date on which the benefit is payable to the Participant under this Supplemental Plan pursuant to Section 2.5 of the Supplemental Plan regardless of whether the Pre-2005 Benefit or the Company Plan benefit is actually payable on that date. The Pre-2005 Benefit and the benefit payable under the Company Plan shall be determined as if each such benefit is payable in the form of a Qualified Joint and 50% Survivor Annuity if the Participant is married on the date of payment from the Supplemental Plan, or a single life annuity if the Participant is not married on the date of payment from the Supplemental Plan calculated using the applicable actuarial assumptions in effect under the Company Plan on the date of payment from the Supplemental Plan. The actuarial assumptions shall be applied separately to that portion of each benefit that comprises the Residual Annuity and that portion of each benefit that comprises the Retirement Accumulation Account; provided, that with respect to that portion of each benefit that comprises the Retirement Accumulation Account, such benefit shall be determined by taking the Annuity Equivalent of the Participant's account(s) on the date of payment from the Supplemental Plan. The total of these two benefit portions under the Company Plan shall comprise the Company Plan offset, and the total of these two portions of the Pre-2005 Benefit shall comprise the Pre-2005 Benefit offset. The calculations will be made by utilizing methods and assumptions that the Committee deems to be reasonable and consistent with the requirements of section 409A of the Code and the regulations issued thereunder.

(c) For purposes of subsection (a)(2), the subsequent receipt of any deferred annual bonus amount or salary included in the Participant's compensation after commencement of benefit under the Supplemental Plan shall not be considered for purposes of benefit calculation hereunder.

(d) The supplemental pension benefit calculated under subsection (a) shall exclude any amount of a Participant's accrued benefit payable under the Company Plan attributable to the 2000 Additional Benefit, the 2001 Additional Benefit and the 2002 Additional Benefit described in Appendix I of the Company Plan.

(e) Notwithstanding any provision in this Supplemental Plan to the contrary, no Participant shall accrue any additional service, benefits or cash balance pay credits after December 31, 2006, nor shall any compensation earned by a Participant after December 31, 2006 be considered in calculating a Participant's benefit, provided, however, that a Participant shall continue to earn interest credits and service for vesting and for determining eligibility for early retirement benefits and subsidies.

ARTICLE II – GENERAL PROVISIONS OF THE SUPPLEMENTAL PLAN

2.1 <u>Survivor Benefits</u>

(a) If a Participant dies prior to commencement of his or her benefit under this Supplemental Plan, the Participant's surviving spouse, if any, shall receive a life annuity based on the Participant's benefit, if any, under this Supplemental Plan that is attributable to the Retirement Accumulation Account commencing on the later of the first day of the month following the (i) month in which the Participant's death occurs, or (ii) date the Participant would have attained age 55. If a Participant dies prior to commencement of his or her benefit under this Supplemental Plan, and the Participant does not have a surviving spouse, the Participant's designated beneficiary, if any, on file with the Company shall receive a life annuity based on the Participant's benefit, if any, under this Supplemental Plan that is attributable to the Retirement Accumulation Account commencing on the later of the first day of the month following the (i) month in which the Participant's death occurs, or (ii) date the Participant would have attained age 55. If a Participant does not have a designated beneficiary on file with the Company at the time of the Participant's death or the Participant's designated beneficiary predeceases the Participant, the Participant's beneficiary shall be his surviving children, equally, or if none, then his parents, or if none survive, then his brothers and sisters, equally, or if none, then no survivor benefit will be paid to any individual, estate, or trust on account of the Participant's death pursuant to Section 2.1(a).

(b) If a Participant dies prior to commencement of his or her benefit under this Supplemental Plan, the Participant's surviving spouse, if any, shall receive a life annuity based on the Participant's benefit, if any, under this Supplemental Plan that is attributable to the Residual Annuity commencing on the later of the first day of the month following the (i) month in which the Participant's death occurs, or (ii) date the Participant would have attained age 55. The annuity payable to the surviving spouse shall be equivalent to 50% of the reduced (actuarial equivalent) joint and 50% survivor annuity that would have been payable to the Participant. If a Participant dies prior to commencement of his or her benefit under this Supplemental Plan, and the Participant does not have a surviving spouse, no survivor benefit will be paid to any individual, estate or trust on account of the Participant's death pursuant to Section 2.1(b)

2.2 Vesting of Benefits

Any benefit payable under this Supplemental Plan shall be vested in the same manner and percentage as benefits accrued under the Company Plan.

2.3 Forfeiture of Benefits

Any benefit payable under this Supplemental Plan shall be forfeitable in the event it is found by the Committee that a Participant, either during employment with, or following his Separation from Service (as defined below) with the Company, willfully engaged in any activity which is determined by the Committee to be materially adverse or detrimental to the interests of the Company, including any activity which might reasonably be considered by the Committee to be of a nature warranting dismissal of an employee for cause. If the Committee so finds, it shall require the forfeiture of benefits payable to the Participant and, after furnishing notice to the Participant, shall terminate benefits under this Supplemental Plan and no further benefits shall be paid. Prior to termination, the Committee will consider in its deliberation relative to this provision any explanation or justification submitted to it in writing by the retired member within 60 days following the giving of such notice.

Except as heretofore provided for in this Section 2.3, the acceptance by a Participant of any benefit under this Supplemental Plan shall constitute an agreement with the provisions of this Supplemental Plan and a representation that he or she is not engaged or employed in any activity serving as a basis for suspension or forfeiture of benefits hereunder.

2.4 Administration

This Supplemental Plan shall be administered by the committee or such other person or persons (or his or their delegate(s)) (the "Committee") appointed by the Board of Directors to administer the Company Plan. The Committee shall administer this Supplemental Plan in a manner consistent with the administration of the Company Plan, except that this Supplemental Plan shall be administered as an unfunded plan which is not intended to meet the qualification requirements of section 401(a) of the Code. The Committee's decision in all matters involving the interpretation and application of this Supplemental Plan shall be final, binding and conclusive on all Participants and their Beneficiaries.

2.5 Payment of Benefits

Payment of vested benefits under this Supplemental Plan shall be made as provided below:

(a) Except as provided in subsections (c) or (d) below, payment of the portion of the Participant's benefit, if any, under this Supplemental Plan that is attributable to the Retirement Accumulation Account shall commence to be paid to the Participant on the first day of the month following the month in which the later of the following two events occurs: (i) the Participant's "Separation from Service" (within the meaning of section 409A of the Code and the regulations issued thereunder) occurs or (ii) his or her attainment of age 55. The Participant's benefit, if any, under this Supplemental Plan that is attributable to the Retirement Accumulation Account shall be paid to the Participant as a life annuity, if the Participant is single, or as a reduced (actuarial equivalent) joint and 50% survivor annuity, if the Participant is married. Such reduction shall be consistent with the actuarial assumptions applicable under the Company Plan for conversion of the Retirement Accumulation Account to a single life annuity with subsequent conversion to a joint and 50% survivor annuity.

(b) Except as provided in subsections (c) or (d) below, payment of the portion of the Participant's benefit, if any, under this Supplemental Plan that is attributable to the Residual Annuity shall commence to be paid to the Participant on the first day of the month following the month in which the later of the following two events occurs: (i) the Participant's Separation from Service or (ii) his or her attainment of age 55. The Participant's benefit, if any, under this Supplemental Plan that is attributable to the Residual Annuity shall be paid to the Participant as a life annuity, if the Participant is single, or as a reduced (actuarial equivalent) joint and 50% survivor annuity, if the Participant is married. Such reduction shall be consistent with the actuarial assumptions applicable under the Company Plan for conversion of the single life annuity with subsequent conversion to a joint and 50% survivor annuity with respect to the Residual Annuity.

(c) Notwithstanding subsections (a) and (b) above, with respect to any Participant who had a Separation from Service on or after January 1, 2005, and prior to January 1, 2009, and did not commence receipt of his or her entire benefit under this Supplemental Plan prior to January 1, 2009 as a result of the linking of the benefit under the Supplemental Plan to the commencement of the Participant's benefit under the Company Plan, in reliance on the transition relief set forth in the Proposed Regulations under Section 409A of the Code and IRS Notice 2007-86, (i) if such a Participant attains age 55 on or prior to June 30, 2009, such Participant shall commence receipt of his or her benefit under the Supplemental Plan on July 1, 2009, and (ii) if such a Participant attains age 55 on or after July 1, 2009, such Participant shall commence receipt of his or her benefit under the Supplemental Plan on the first day of the month following the month in which the Participant attains age 55. The benefit payable to a Participant pursuant to this subsection (c) shall be determined in accordance with, and in the same form as described in, subsections (a) and (b) above, as applicable and to the extent not previously paid to the Participant.

(d) Notwithstanding subsections (a) and (b) above, if at the time of the Participant's Separation from Service the Participant is a Specified Employee (as defined in subsection (e) below) and the Participant's benefit is to commence on account of his or her Separation from Service, the payment of such Participant's benefit under subsections (a) and (b) shall not commence until the first day of the month next following the six month anniversary of the Participant's Separation from Service; provided, that such first payment shall include the monthly payments, without interest, that would have been paid to the Participant for the first six months following his or her Separation from Service, but for this subsection (d).

(e) For purposes of this Supplemental Plan, the term "Specified Employee" shall mean any Participant who, at any time during the twelve month period ending on the identification date (as determined by the Board or its delegate), is a specified employee under section 409A of the Code, as determined by the Board (or its delegate). The determination of "specified employees," including the number and identity of persons considered "specified employees" and identification date, shall be made by the Board (or its delegate) in accordance with the provisions of sections 416(i) and 409A of the Code and the regulations issued thereunder.

2.6 Participants' Benefits

Benefits under this Supplemental Plan shall be payable from the general assets of the Company.

2.7 Amendments and Discontinuance

The Company expects to continue this Supplemental Plan indefinitely, but reserves the right to amend or discontinue it if, in its sole judgment, such a change is deemed necessary or desirable. However, if the Company should amend or discontinue this Supplemental Plan, the Company shall be liable for any benefits accrued under this Supplemental Plan as of the date of such action. Any change to the Supplemental Plan which adversely affects a Participant's or

Beneficiary's rights to benefits and/or the amount, form and manner in which benefits are accrued, vested and/or paid shall not affect the Participant's or Beneficiary's benefits accrued up to the date of the change. Changes which adversely affect the Participant's or Beneficiary's rights under the Supplemental Plan may only take effect on the adoption date of the change and on a going forward basis. Notwithstanding the foregoing, no Participant consent is necessary if any modification, amendment, suspension or termination of the Supplemental Plan is necessary to comply with the requirements of section 409A of the Code and its corresponding regulations.

2.8 Claims Procedure

(a) Claims. Any person or entity claiming a benefit, requesting an interpretation or ruling under the Supplemental Plan (hereinafter referred to as "claimant"), or requesting information under the Supplemental Plan shall present the request in writing to the Committee, which shall respond in writing or electronically. The notice advising of the denial shall be furnished to the claimant within ninety (90) days of receipt of the benefit claim by the Committee, unless special circumstances require an extension of time to process the claim. If an extension is required, the Committee shall provide notice of the extension prior to the termination of the ninety (90) day period. In no event may the extension exceed a total of one hundred eighty (180) days from the date of the original receipt of the claim.

(b) Denial of Claim.

If the claim or request is denied, the written or electronic notice of denial shall state:

- The reason(s) for denial;
- Reference to the specific Supplemental Plan provisions on which the denial is based;
- A description of any additional material or information required and an explanation of why it is necessary; and
- An explanation of the Supplemental Plan's claims review procedures and the time limits applicable to such procedures, including the right to bring a civil action under section 502(a) of ERISA.

(c) Review of Claim. Any claimant whose claim or request is denied or who has not received a response within sixty (60) days may request a review by notice given in writing or electronic form to the Committee. Such request must be made within sixty (60) days after receipt by the claimant of the written or electronic notice of denial, or in the event the claimant has not received a response, sixty (60) days after receipt by the Committee of the claimant's claim or request. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

(d) Final Decision. The decision on review shall normally be made within sixty (60) days after the Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing or in electronic form and shall:

- state the specific reason(s) for the denial;
- reference the relevant Supplemental Plan provisions;
- state that the claimant is entitled to receive, upon request and free of charge, and have reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and
- state that the claimant may bring an action under section 502(a) of ERISA.

All decisions on review shall be final and bind all parties concerned.

2.9 Withholding. All federal, state and local income, employment or other taxes required to be withheld in connection with a benefit payment under the Supplemental Plan shall be the sole responsibility of the Employee. To the extent not otherwise paid for by the Participant, the Company shall have the right to deduct from any wages or other compensation payable to the Participant or any payment made pursuant to this Supplemental Plan any such taxes, as the Committee may determine in its sole discretion.

2.10 Code Section 409A. The Supplemental Plan is intended to comply with the applicable requirements of section 409A of the Code and related guidance, and shall be administered in accordance therewith. Notwithstanding anything in the Supplemental Plan to the contrary, distributions from the Supplemental Plan may only be made under the Supplemental Plan upon an event and in a manner permitted by section 409A of the Code and related guidance. To the extent that any provision of the Supplemental Plan would cause a conflict with the requirements of section 409A of the Code and related guidance, or would cause the administration of the Supplemental Plan to fail to satisfy the requirements of section 409A and related guidance, such provision shall be deemed null and void. In no event shall a Participant, directly or indirectly, designate the calendar year of payment of benefits under the Supplemental Plan.

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

UNISYS CORPORATION:

By: ______________________________

Patricia Bradford

Dated: December , 2008

Exhibit 10.26

UNISYS CORPORATION
ELECTED OFFICER PENSION PLAN
AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 2009

ARTICLE I

PURPOSE

1.01 The Plan was previously adopted by the Company to provide a minimum level of retirement benefits for elected Officers (as defined in Section 2.12 below) of the Company. The Plan originally became effective June 1, 1988, and was previously amended and restated several times since its effective date. The Plan was frozen effective after December 31, 2006, so that no additional benefits may be accrued thereunder after December 31, 2006. The Plan is now hereby further amended and restated effective January 1, 2009 to implement changes required pursuant to and consistent with section 409A of the Code. Benefit payments on or after January 1, 2009 are generally governed by this Plan document as amended and restated effective January 1, 2009. Plan benefit payments commencing prior to January 1, 2009 are governed by the terms of the Plan as they existed prior to this amendment and restatement and are either grandfathered from the requirements of section 409A or payable pursuant to a fixed schedule as required by, and in compliance with, section 409A. Between January 1, 2005 and December 31, 2008 the Plan has been operated in accordance with transition relief established by the Treasury Department and Internal Revenue Service pursuant to Code section 409A. This amendment and restatement is adopted in conformity with final regulations under section 409A of the Code issued by the Treasury Department on April 10, 2007 and effective January 1, 2009. The Plan as set forth herein only applies to those Participants in the Plan who are entitled to commence a benefit from the Plan after December 31, 2008, but does not apply to any Participant's Pre-2005 Benefit (as defined in Section 2.17 below). Any Participant who is entitled to commence his or her Pre-2005 Benefit from the Plan after December 31, 2008, and (a) who terminated employment prior to January 1, 2005, shall have the terms and conditions of his or her Pre-2005 Benefit governed by the terms and conditions of the Plan as in effect on the date of his or her termination of employment, or (b) who terminates employment at any time on or after January 1, 2005, shall have the terms and conditions of his or her Pre-2005 Benefit governed by the terms and conditions of the Plan as in effect on October 3, 2004. All capitalized terms shall have the meanings set forth in Article II below, unless the context clearly indicates otherwise.

ARTICLE II

DEFINITIONS

2.01 "Board" shall mean the Board of Directors of Unisys Corporation.

2.02 "Change in Control" means any of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2.17; or

(b) Individuals who, as of May 25, 1995, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

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

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

2.03 "<u>Code</u>" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.04 "<u>Committee</u>" shall mean the Compensation Committee of the Board or its delegate.

2.05 "<u>Company</u>" shall mean Unisys Corporation, a Delaware corporation.

2.06 "<u>Company Plan</u>" shall mean the Unisys Pension Plan.

2.07 "<u>Credited Service</u>" shall mean the Participant's Credited Service, as defined in Article IV.

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

2.09 "Disability" shall refer to a Participant who is determined by the Committee or its designee to be unable to perform, because of injury or sickness, each of the regular duties of the Participant's occupation for a period of up to 24 months. After 24 months, the Participant will continue to be considered Disabled if the Committee or its designee determines that the Participant cannot perform each of the regular duties of any gainful occupation for which he or she is fitted by training, education or experience.

2.10 "Effective Date" shall mean January 1, 2009, the effective date of this amendment and restatement of the Plan.

2.11 "Employee" shall mean any person employed by Unisys Corporation or one of its subsidiaries.

2.12 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

2.13 "Final Average Compensation" shall mean the Participant's Final Average Compensation, as defined in the Company Plan, except that any salary amounts deferred under an arrangement approved by the Board not included by the Company Plan and any amounts excluded from consideration under the Company Plan due to the application of Code section 401(a)(17) shall be included in the calculation of Final Average Compensation in the month in which such amounts were or would otherwise have been paid; provided, however, that no more than the most recent five annual bonus amounts (whether paid or deferred) shall be included in the calculation of Final Average Compensation. Notwithstanding any provision in this Plan to the contrary, for purposes of this Plan a Participant's Final Average Compensation shall be frozen as of December 31, 2006 (or such earlier date, if applicable) and no changes in salary after such date shall be taken into account for purposes of determining Final Average Compensation.

2.14 "Officer" shall mean any officer of the Company elected by the Board, but excluding assistant officers, appointed officers or the general auditor.

2.15 "Participant" shall mean any person entitled to participate in this Plan under Article III.

2.16 "Plan" shall mean the Unisys Corporation Elected Officer Pension Plan, as set forth herein and as hereafter amended.

2.17 "Pre-2005 Benefit" shall mean for any Participant that portion of the Participant's benefit under the Plan that was earned and vested on December 31, 2004, within the meaning of Treasury Regulations section 1.409A-6(a)(2). For purposes of determining the present value of the Pre-2005 Benefit in accordance with Treasury Regulations section 1.409A-6(a)(3), the actuarial assumptions in Appendix C Table IX of the Company Plan shall be applied.

2.18 "Primary Social Security Benefit" shall mean the annualized amount calculated according to the rules for computing the primary social security benefit payable to a Participant upon attainment of Social Security Retirement Age under the Federal Social Security Act as in effect at the time the Participant has a Separation From Service. In the event that a Participant retires prior to attainment of eligibility for Social Security benefits, the Participant's Primary Social Security Benefit shall be deemed to be 80% of the Primary Social Security Benefit payable at Social Security Retirement Age. In the event the Participant retires after attainment of eligibility for Social Security benefits, but before Social Security Retirement Age, the Primary Social Security Benefit shall be deemed to be an amount prorated between the benefit payable at Social Security Retirement Age and 80% of such amount. For purposes of this calculation, it will be assumed that the Participant has no earnings for Social Security purposes beyond the date of Separation From Service. Notwithstanding any provision in this Plan to the contrary, a Participant shall not accrue additional service or earnings for purposes of determining the Primary Social Security Benefit after December 31, 2006.

2.19 "Separation From Service" shall mean a Participant's separation from service with the Company within the meaning of section 409A of the Code and the regulations issued thereunder.

2.20 "Specified Employee" shall mean any Participant who, at any time during the twelve month period ending on the identification date (as determined by the Board or its delegate), is a specified employee under section 409A of the Code, as determined by the Board (or its delegate). The determination of "specified employees," including the number and identity of persons considered "specified employees" and identification date, shall be made by the Board (or its delegate) in accordance with the provisions of sections 416(i) and 409A of the Code and the regulations issued thereunder.

2.21 "Supplemental Plan" shall mean the Unisys Corporation Supplemental Executive Retirement Income Plan, as amended and restated as of January 1, 2009 and as amended from time to time.

Unless otherwise specified, capitalized words and phrases used in this Plan shall have the same meaning as such words or phrases when used in the Company Plan.

ARTICLE III

PARTICIPATION AND VESTING

3.01 Participation

An Officer shall become a Participant in the Plan on the later of (i) the Effective Date or (ii) the effective date on which the Officer is elected to officer status by the Board. Notwithstanding any provision in this Plan to the contrary, an Employee who is elected as an Officer on or after January 1, 2007 shall not become a Participant in the Plan on or after such date (or resume participation in the Plan if rehired on or after such date).

3.02 Vesting

(a) Each Participant shall acquire a vested right to a retirement benefit calculated in accordance with Article V on the earliest to occur of the following:

(1) the date on which the Participant attains age 55 and completes 10 years of Credited Service, provided that the Participant is or becomes an Officer on or after such date; or

(2) the date on which occurs a Change in Control or the Date of an Insolvency, provided the Participant is an Officer on such date; or

(3) for a Participant who is or becomes an Officer on or after January 1, 1997 and before July 19, 2001, the date on which the Participant attains age 50 and completes 5 years of Credited Service, provided that the Participant is employed by the Company or an Affiliated Company on or after December 31, 1998; or

(4) The date specified in a written agreement between a Participant and the Company, provided that for agreements entered into on and after May 22, 1997, such agreements must be approved by the Committee.

(b) A Participant who has a Separation From Service with the Company due to Disability or death.

ARTICLE IV

CREDITED SERVICE

4.01 Credited Service

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

(a) periods of employment as an Officer; and

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

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

(d) Notwithstanding any provision in this Plan to the contrary, a Participant shall not accrue Credited Service for purposes of the calculation of Plan benefits after December 31, 2006, but shall continue to accrue Credited Service for purposes of vesting under Section 3.02 and for purposes of eligibility to receive early retirement benefits and subsidies.

ARTICLE V

CALCULATION OF BENEFITS

5.01 Amount of Benefits

(a) Subject to the adjustments set forth in Section 5.02, a Participant who satisfies the vesting requirements described in Section 3.02(a) shall receive an annual retirement benefit payable at Normal Retirement Date equal to:

(1) 4% of the Participant's Final Average Compensation for each year of Credited Service not in excess of 10 including proportional credit for a fraction of a year; plus

(2) 1% of the Participant's Final Average Compensation for each year of Credited Service in excess of 10 (but not in excess of 30) including proportional credit for a fraction of a year; minus

(3) 50% of the Participant's Primary Social Security Benefit.

(b) The benefit payable from this Plan and described in paragraph (a) shall be a monthly benefit paid in the form of a single life annuity if the Participant is unmarried on the date that the Participant commences receipt of benefits, or in the form of a joint and 50% surviving spouse annuity if the Participant is married on the date the Participant commences receipt of benefits. The benefit payable to a Participant shall not be reduced or increased as a result of such payment in the surviving spouse benefit form or for any age difference between the Participant and spouse.

5.02 Early Retirement Prior to Age 62

Benefits paid under this Plan shall be reduced by one-half of one percent (0.5%) for each calendar month by which the commencement of benefits precedes the first day of the month coincident with or next following the Participant's 62nd birthday, provided that benefits cannot commence prior to the first day of the month following the month the Participant attains age 55.

5.03 Death Benefits

(a) In the event of the death of a Participant who, at the time of death, has satisfied the vesting requirements described in Section 3.01(a) above, and who:

(1) has not commenced retirement benefits under this Plan; and

(2) who has a surviving spouse,

such Participant's surviving spouse shall receive a survivor's benefit in the amount described in paragraph (b).

(b) The amount payable under this paragraph shall be equal to the benefit the spouse would have received if the Participant:

(1) had a Separation From Service on the earlier of the date of death or the date of the Participant's actual Separation From Service; and

(2) had survived to the benefit commencement date described in paragraph (c); and

(3) had begun to receive an immediate retirement benefit in the form under Section 5.01(b); and

(4) had died on the following day.

(c) The benefit payable under this Section shall be paid to the surviving spouse in the form of a single life annuity and shall commence on the later of the first day of the month following the (i) month in which the Participant's death occurs, or (ii) date the Participant would have attained age 55.

(d) If at the time of the Participant's death the Participant had not commenced receipt of the benefits under the Plan, no benefit will be payable under the Plan if the Participant does not have a surviving spouse at the time of his or her death.

5.04 Benefit Offset

The retirement benefit determined under this Article and payable to a Participant or surviving spouse shall be reduced by the Participant's Pre-2005 Benefit, if any, and any benefits payable under the Company Plan and the Supplemental Plan, calculated in accordance with Section 6.01.

ARTICLE VI

BENEFIT PAYMENTS

6.01 Form of Benefit Payment

For purposes of determining the offset under Section 5.05, the Participant shall be deemed to be in receipt of the Pre-2005 Benefit and the amount of benefit payable under the Company Plan as if the Participant had elected the Qualified Joint and 50% Survivor Annuity under the Company Plan if the Participant is married on the date of payment from this Plan, or a single life annuity if the Participant is not married on the date of payment from this Plan, determined under the Company Plan as of the date on which the Participant's benefit commences pursuant to Section 6.02, regardless of whether the Pre-2005 Benefit or the Company Plan benefit is actually payable on that date. The benefit payable under the Supplemental Plan shall be determined in accordance with the terms of the Supplemental Plan, which is payable in the same form and at the same time as the benefit is paid under this Plan, except with respect to benefits under the Supplemental Plan that were earned and vested prior to January 1, 2005. For this purpose, the Pre-2005 Benefit and the benefit payable under the Company Plan shall be calculated using the applicable actuarial assumptions in effect under the Company Plan on the date of payment from the Plan. The actuarial assumptions shall be applied separately to that portion of each benefit that comprises the Residual Annuity and that portion that comprises the Retirement Accumulation Account; provided that with respect to that portion of each benefit that comprises the Retirement Accumulation Account such benefit shall be determined by taking the Annuity Equivalent of the Participant's account(s) on the date of payment from the Plan. The total of these two benefit portions under the Company Plan shall comprise the Company Plan offset, and the total of these two portions of the Pre-2005 Benefit shall comprise the Pre-2005 Benefit offset. The calculations will be made by utilizing methods and assumptions that the Committee deems to be reasonable and consistent with the requirements of section 409A of the Code and the regulations issued thereunder.

6.02 Commencement of Benefits

Payment of a Participant's vested benefits shall commence to be paid to the Participant on the first day of the month following the month in which the later of the following two events occurs: (i) the Participant's Separation From Service, or (ii) the Participant attains age 55; provided, however, that, if the Participant's Separation From Service occurs after his or her attainment of age 55 and if at such time the Participant is a Specified Employee, the payment of the Participant's benefit shall not commence until the first day of the month next following the six month anniversary of the Participant's Separation From Service; provided, that such first payment shall include the monthly payments, without interest, that would have been paid to the Participant for the first six months following his or her Separation From Service, but for this delay.

6.03 Funding of Benefits

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

6.04 Forfeiture of Benefits

(a) Any benefit payable under this Plan shall be forfeited and no further benefits shall be payable hereunder if it is determined by the Committee that a Participant is engaged or employed as a business owner, employee or consultant in any activity which is in competition with any line of business of the Company existing as of the date of the Participant’s Separation From Service with the Company.

(b) Additionally, any benefit payable under this Plan shall be forfeited and no further benefits shall be payable hereunder in the event it is found by the Committee that a Participant, either during or following termination of employment with the Company, willfully engaged in any activity which is determined by the Committee to be materially adverse or detrimental to the interests of the Company, including any activity that might reasonably be considered by the Committee to be of a nature warranting dismissal of an employee for cause. If the Committee so finds, it shall require the forfeiture of benefits to the Participant and, after furnishing notice to the Participant, shall terminate benefits under this Plan and no further benefits shall be paid. The Committee will consider in its deliberation relative to this provision any explanation or justification submitted to it in writing by the Participant within 60 days following the giving of such notice.

(c) Except as heretofore provided for in this Section 6.04, the acceptance by a Participant of any benefit under this Plan shall constitute an agreement with the provisions of this Plan and a representation that he or she is not engaged or employed in any activity serving as a basis for suspension and forfeiture of benefits hereunder. By accepting a benefit under this Plan each Participant acknowledges that he or she will accept payment of benefits under this Plan only if there is no basis for such forfeiture.

ARTICLE VII

ADMINISTRATION

7.01 Committee

The Plan shall be administered by the Committee, which shall administer the Plan in a manner consistent with the administration of the Company Plan, except that this Plan shall be administered as an unfunded plan that is not intended to meet the requirements of section 401(a) of the Code. The Committee shall be the Plan administrator and named fiduciary of the Plan that has the discretionary authority to control and manage the operation and administration of the Plan. The Committee has the discretionary authority to supply omissions, make factual determinations, and to decide any dispute that may arise regarding the rights of Participants. All such decisions are binding and conclusive on all interested parties.

7.02 Claims Procedure.

(a) Claims. Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (hereinafter referred to as “claimant”), or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing or electronically. The notice advising of the denial shall be furnished to the claimant within ninety (90) days of receipt of the benefit claim by the Committee, unless special circumstances require an extension of time to process the claim. If an extension is required, the Committee shall provide notice of the extension prior to the termination of the ninety (90) day period. In no event may the extension exceed a total of one hundred eighty (180) days from the date of the original receipt of the claim.

(b) Denial of Claim.

If the claim or request is denied, the written or electronic notice of denial shall state:

- The reason(s) for denial;
- Reference to the specific Plan provisions on which the denial is based;
- A description of any additional material or information required and an explanation of why it is necessary; and
- An explanation of the Plan’s claims review procedures and the time limits applicable to such procedures, including the right to bring a civil action under section 502(a) of ERISA.

(c) Review of Claim.

Any claimant whose claim or request is denied or who has not received a response within sixty (60) days may request a review by notice given in writing or electronic form to the Committee. Such request must be made within sixty (60) days after receipt by the claimant of the written or electronic notice of denial, or in the event the claimant has not received a response, sixty (60) days after receipt by the Committee of the claimant's claim or request. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

(d) Final Decision.

The decision on review shall normally be made within sixty (60) days after the Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing or in electronic form and shall:

- state the specific reason(s) for the denial;
- reference the relevant Plan provisions;
- state that the claimant is entitled to receive, upon request and free of charge, and have reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and
- state that the claimant may bring an action under section 502(a) of ERISA.

All decisions on review shall be final and bind all parties concerned.

7.03 Plan Amendment and Termination

The Company expects to continue this Plan indefinitely, but reserves the right to amend or discontinue it if, in its sole judgment, such a change is deemed necessary or desirable. However, if the Company should amend or discontinue this Plan, the Company shall be liable for any benefits accrued under this Plan (determined on the basis of each Participant's presumed termination of employment as of the date of such amendment or discontinuance) as of the date of such action. Any change to the Plan which adversely affects a Participant's or Beneficiary's rights to benefits and/or the amount, form and manner in which benefits are accrued, vested and/or paid shall not affect the Participant's or Beneficiary's benefits accrued up to the date of the change. Changes which adversely affect a Participant's or Beneficiary's rights under the Plan may only take effect on the adoption date of the change and on a going forward basis. Notwithstanding the foregoing, no Participant consent is necessary if any modification, amendment, suspension or termination of the Plan is necessary to comply with the requirements of section 409A of the Code and its corresponding regulations.

7.04 No Employment Rights

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

7.05 Severability of Provisions

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

7.06 Non-Assignability

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

7.07 Withholding

All federal, state and local income, employment or other taxes required to be withheld in connection with a benefit accrued and paid under the Plan shall be the sole responsibility of the Participant. To the extent not otherwise paid for by Participant, to satisfy its withholding obligations the Company shall have the right to deduct from any wages or other compensation payable to the Participant or any payment made pursuant to this Plan any such taxes, as the Committee may determine in its sole discretion.

7.08 Code Section 409A

The Plan is intended to comply with the applicable requirements of section 409A of the Code and related guidance, and shall be administered in accordance therewith. Notwithstanding anything in the Plan to the contrary, distributions from the Plan may only be made under the Plan upon an event and in a manner permitted by section 409A of the Code and related guidance. To the extent that any provision of the Plan would cause a conflict with the requirements of section 409A of the Code and related guidance, or would cause the administration of the Plan to fail to satisfy the requirements of section 409A and related guidance, such provision shall be deemed null and void. In no event shall a Participant, directly or indirectly, designate the calendar year of payment of benefits under the Plan.

7.09 Governing Law

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

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

UNISYS CORPORATION:

By: ______________________________
Patricia A. Bradford

Dated: December , 2008

Exhibit 10.27

UNISYS CORPORATION
2005 DEFERRED COMPENSATION PLAN

(As amended and restated effective January 1, 2005
except as otherwise noted below)

Article I
Purpose & Authority

1.1 Purpose. The purpose of the Plan is to offer Eligible Executives the opportunity to defer receipt of a portion of their compensation from the Corporation, to receive Corporation Contributions and, effective for the period January 1, 2007 through December 31, 2008, to receive Savings Plan Credits, under terms advantageous to both the Eligible Executive and the Corporation and subject to rules that are intended to satisfy the requirements of Code section 409A.

1.2 Effective Date. The Burroughs' Officers Deferred Compensation Plan was originally approved by the board of directors of Burroughs Corporation on January 29, 1982. That plan, currently named the Unisys Corporation Deferred Compensation Plan (the "Prior Plan"), has been amended and restated from time to time since its original adoption. Deferrals of compensation earned and vested before January 1, 2005 were made under that plan and amounts deferred under that plan will continue to be subject to the rules set forth in that plan document. This Plan was adopted February 10, 2005, effective January 1, 2005 (except as otherwise specified below), for deferrals made on and after the Effective Date. Deferrals of compensation earned and vested on or after the Effective Date will be subject to the rules set forth in this Plan document as it may be amended from time to time.

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

Article II
Definitions

2.1 "Account" means, for any Participant, each memorandum account established for the Participant under Section 6.1.

2.2 "Account Balance" means, for any Participant as of any date and with respect to any Account, the aggregate amount reflected in that Account.

2.3 "Annual Incentive Pay" means, for any individual, the amount payable, if any, to such individual under the Unisys Executive Variable Compensation Plan (or under any successor annual incentive plan of the Corporation) or under any other similar annual incentive plan of the Corporation approved by the Senior Vice President, Human Resources.

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

2.5 “Board” means the Board of Directors of the Corporation.

2.6 “Change in Control” means any of the following events:

(a) The acquisition by any individual, entity or group (within the meaning of Treasury Regulation section 1.409A-3(i)(5)) (a “Person”) of ownership of 30% or more of the combined voting power of the then outstanding voting securities of the Corporation (the “Outstanding Voting Securities”) during a 12-month period, provided, however, that the acquisition by any corporation pursuant to a transaction described in clauses (1), (2) and (3) of Section 2.6(c) will not constitute a Change in Control; or

(b) During a 12-month period, individuals who constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or disposition of assets of the Corporation that have a total gross fair market value of more than 40% of the total gross fair market value of assets of the Corporation immediately before the acquisition (a “Substantial Portion of Assets”) within a 12-month period (a “Business Combination”), unless, in each case following such Business Combination, (1) all or substantially all of the individuals and entities who were the owners, respectively, of the then outstanding shares of Stock (the “Outstanding Stock”) and Outstanding Voting Securities immediately before the Business Combination own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of the transaction owns (A) the Corporation or (B) a Substantial Portion of Assets of the Corporation acquired within a 12-month period either directly or indirectly through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Stock and Outstanding Voting Securities, as the case may be, (2) no Person (excluding any employee benefit plan (or related trust) of the Corporation or the corporation resulting from the Business Combination) owns, directly or indirectly, 30% or more of, the combined voting power of the then outstanding voting securities of the corporation resulting from the Business Combination except to the extent that the Person owned 30% or more of the Outstanding Voting Securities before the Business Combination, and (3) at least a majority of the members of the board of directors of the corporation resulting from the Business Combination were members of the Incumbent Board during the 12-month period immediately preceding the Business Combination; or

(d) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation, but only to the extent that one Person acquires a Substantial Portion of Assets of the Corporation within a 12-month period in connection with such transaction.

The rules of this Section 2.6 shall be interpreted and applied in accordance with the provisions of Treasury Regulation section 1.409A-3(i)(5).

2.7 “Code” means the Internal Revenue Code of 1986, as amended.

2.8 “Committee” means the Compensation Committee of the Board, such other committee as may be appointed by the Board to administer the Plan or the person or persons to whom the Compensation Committee or such other committee may have delegated any of the Committee’s authority to administer the Plan.

2.9 “Corporation” or **“Unisys”** means Unisys Corporation.

2.10 “Corporation Contributions” means discretionary amounts that are credited by the Corporation to the Corporation Contributions Accounts of eligible Participants at any time based on individual or corporate performance or such other criteria as is deemed appropriate by the Corporation.

2.11 “Corporation Contributions Account” means that portion of a Participant’s Account to which any Corporation Contributions under the Plan for him or her are credited.

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

2.13 “Effective Date” means, except as otherwise noted herein, January 1, 2005, the original effective date of the Plan.

2.14 “Eligible Executive” means, for any calendar year, an employee of the Corporation (a) whose base salary from the Corporation equals or exceeds 70 percent (70%) of the maximum amount of compensation that is permitted to be taken into account under Code section 401(a)(17) and who is eligible to receive Annual Incentive Pay or sales commissions, (b) whose base salary from the Corporation equals or exceeds the maximum amount of compensation that is permitted to be taken into account under Code section 401(a)(17), or (c) who satisfies any other eligibility criteria established by the Committee.

2.15 "Fair Market Value" means, on any date, the sales price of a share of Unisys Common Stock (a) on the New York Stock Exchange as of the official close of the New York Stock Exchange at 4:00 p.m. U.S. Eastern Standard Time or Eastern Daylight Time, as the case may be, on such date, or (b) on such other stock exchange, designated by the Committee in its sole discretion, as of the official close of such exchange on such date.

2.16 "Investment Measurement Option" means any of the hypothetical investment alternatives available for determining the additional amounts to be credited to a Participant's Account under Section 6.2. As of the Effective Date, the Investment Measurement Options available are generally the investment options available to eligible participants under the USP. Performance Unit Compensation deferred under the Plan will be held as Stock Units.

2.17 "Participant" means an Eligible Executive or former Eligible Executive who has made a Deferral Election and/or received Savings Plan Credits and/or Corporation Contributions and who has not received a distribution of his or her entire Account Balance.

2.18 “Performance Unit Compensation” means any amount payable to an Eligible Executive as a result of the Eligible Executive’s vesting in a Performance Unit award (including, but not limited to, share unit and restricted share unit awards) made under the terms of the Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan or, effective as of April 26, 2007, the Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan, or any successor equity-based incentive compensation plan.

2.19 “Plan” means the Unisys Corporation 2005 Deferred Compensation Plan, as set forth herein and as amended from time to time.

2.20 “Revised Election” means an election made by a Participant, in accordance with Section 7.2, to change the date as of which payment of his or her Account Balance is to commence and/or the form in which such payment is to be made.

2.21 “Savings Plan Credits” means, effective for the period January 1, 2007 through December 31, 2008, amounts automatically credited by the Corporation to the Savings Plan Credits Accounts of eligible Participants in accordance with the provisions of Article IV of the Plan.

2.22 “Savings Plan Credits Account” means that portion of a Participant’s Account to which any Savings Plan Credits under the Plan for him or her are credited.

2.23 “Separation from Service” with respect to a Participant means the Participant’s death, retirement or other termination of employment with the

Corporation as determined in accordance with Code section 409A and the regulations thereunder. A Participant shall be considered to have terminated employment for this purpose when the Participant and the Corporation anticipate that the Participant will no longer perform services, as an employee or independent contractor, after a certain date or that the level of services the Participant would perform after such date, as an employee or independent contractor, will permanently decrease to no more than 20 percent (20%) of the average level of the Participant's services performed over the immediately preceding 36-month period.

2.24 "Stock Units" means Unisys common stock-equivalent units. Each Stock Unit represents the equivalent of one share of Unisys common stock; therefore, the value of a Stock Unit on any given date is the Fair Market Value of a share of Unisys Common Stock on that date.

2.25 "USP" means the Unisys Savings Plan, as amended from time to time.

2.26 "Valuation Date" means each business day on which the New York Stock Exchange (or such other stock exchange designated by the Committee in its sole discretion) is open, each of which is a date on which the interest of a Participant in each of the Participant's Accounts is valued.

Article III
Deferral of Compensation

3.1 Deferral Election.

(a) During any calendar year, each individual who is an Eligible Executive for such calendar year may, by properly completing and filing a Deferral Election in the form and manner prescribed by the Committee, elect to defer:

(1) all or a portion of his or her salary that, absent deferral under this Plan but giving effect to any deferral or salary deduction election under any other plan maintained by the Corporation (other than the USP), would be paid to him or her for services rendered during the next following calendar year; and/or

(2) up to 75 percent (75%) of his or her sales commissions that, absent deferral under this Plan but giving effect to any deferral or salary deduction election under any other plan maintained by the Corporation (other than the USP), would be paid to him or her for sales made during the next following calendar year; and

(3) all or a portion of his or her Annual Incentive Pay that, absent deferral under this Plan, but giving effect to any deferral or salary deduction election under any other plan maintained by the Corporation (other than the USP), would be paid to him or her in the next following calendar year.

(b) To be effective, generally an Eligible Executive's Deferral Election:

(1) with respect to salary or sales commissions must be properly completed and filed by (A) the date specified by the Committee, which shall be no later than October 31 of the calendar year immediately preceding the calendar year in which the amounts to be deferred, absent deferral, would be earned by the Eligible Executive, or (B) if no date is specified by the Committee, by October 31 of the calendar year immediately preceding the calendar year in which the amounts to be deferred, absent deferral, would be earned by the Eligible Executive; provided, however, that, effective January 1, 2007, for Deferral Elections for years beginning on or after January 1, 2008, December 20 shall be substituted for October 31 in clauses (A) and (B) of this Section 3.1(b)(1); and

(2) with respect to Annual Incentive Pay must be properly completed and filed by June 30 of the calendar year for which the Annual Incentive Pay will be paid.

(c) Notwithstanding Section 3.1(b), an individual who becomes an Eligible Executive after January 1 of a calendar year may make and file a Deferral Election on or before the date that is 30 days after the date on which he or she becomes an Eligible Executive with respect to salary and/or sales commissions that, absent deferral, would be earned by him or her during the remainder of the calendar year after he or she filed the election, with such Deferral Election becoming effective as soon as administratively practicable after it is properly completed and filed, and an Eligible Executive may also file a Deferral Election within such 30-day period with respect to salary and/or sales commissions that, absent deferral, would be earned in the subsequent calendar year regardless of whether such 30-day period ends after October 31 of the preceding year or, for years beginning on or after January 1, 2008, December 20 of the preceding year. An Eligible Executive may make a Deferral Election under this Section 3.1(c), (1) when he or she initially becomes an Eligible Executive, or (2) effective January 1, 2009, at any subsequent time if he or she becomes an Eligible Executive again after having ceased to be an Eligible Executive at a previous time, and if he or she either had received his or her entire Account Balance attributable to his or her prior period of service as an employee before becoming an Eligible Executive again or had not been an Eligible Executive at any time during the 24-month period ending on the date he or she became an Eligible Executive again. An Eligible Executive's service as an employee prior to the Effective Date and his or her account under the Prior Plan, if any, shall be taken into account in applying these rules.

(d) In addition to the Deferral Elections described in Section 3.1(a), an Eligible Executive may make a Deferral Election with respect to Performance Unit Compensation that, absent deferral, would be paid to the Eligible Executive. To be effective, a Deferral Election with respect to Performance Unit Compensation must be made in writing by the Eligible Executive on or before the date on which the award of Performance Unit Compensation that the Eligible Executive intends to defer is granted to the Eligible Executive.

(e) Once made, a Deferral Election shall become effective upon receipt by the Corporate Executive Compensation Department and, except to the extent otherwise provided in Section 7.2., will become irrevocable as of the relevant date specified in Section 3.1(b) through or (d), as the case may be, above. An Eligible Executive's Deferral Election must specify either a percentage or a certain dollar amount of his or her salary, sales commissions, and/or Annual Incentive Pay, and/or a percentage of his or her Performance Unit Compensation, to be deferred under the Plan. In addition, the Deferral Election must specify the portion of the year, if less than the full year, to which the Deferral Election is to apply. Notwithstanding the foregoing, if the amount that the Eligible Executive has elected to defer from any payment of compensation otherwise payable to him or her is greater than the maximum amount that would enable the Corporation to withhold any applicable federal, state, local and foreign income or employment taxes (including, but not limited to, taxes required to be withheld with respect to any Savings Plan Credits made on behalf of the Eligible Executive), any payroll deductions elected by the Eligible Executive before the beginning of the calendar year, or any amounts required to be withheld pursuant to a domestic relations order (as defined in Code section 414(p)), the Corporation will reduce the amount of the deferral to the maximum amount that will enable the Corporation to effect such tax withholding and payroll deductions.

(f) An Eligible Executive’s Deferral Election must also specify the date on which payment of the Eligible Executive’s Account Balance is to commence and the form in which such payment is to be made.

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

(A) as of his or her Separation from Service;

(B) as of a specific date that is at least two years after the end of the calendar year containing the date on which the amounts to be deferred, absent deferral, would be paid to the Eligible Executive;

(C) upon the Eligible Executive's becoming disabled (within the meaning of Code section 409A);

(D) upon a Change in Control of the Corporation; or

(E) upon the earlier (or earliest) to occur of two (or more) dates described in (A) – (D) of this Section 3.1(f)(1).

(2) The Eligible Executive must specify the form in which payment of his or her Account Balance is to be made and may specify that such payment is to be made either in a single sum or in annual installments. If the Eligible Executive elects a specific date for payment to commence under Section 3.1(f)(1)(B), then for payment(s) commencing on such date, the Eligible Executive may not elect an installment payment over a period shorter than two years or longer than five years.

(3) Notwithstanding the foregoing, a Participant may not elect a form of payment to the extent that such an election would cause any payments to be made after the March 31 first following the date that is 20 years after the date of the Participant's Separation from Service.

(4) Notwithstanding the foregoing, if an Eligible Executive has elected that distribution be made pursuant to Section 3.1(f)(1)(A) above, and the Eligible Employee is a "specified employee" within the meaning of Code section 409A and as

designated by the Committee, distribution in the form of a single sum will be made on, and distribution in the form of installments will commence on, the first day of the seventh month following the date of the Eligible Executive's Separation from Service.

(g) Deferrals of an Eligible Executive's salary or sales commission shall be credited to the Plan ratably throughout the year (or, where applicable, the portion of the year) to which the Deferral Election applies. Deferrals of an Eligible Executive's Annual Incentive Pay and Performance Unit Compensation shall be credited in a single sum. Any deferral will be credited to the Plan as soon as administratively practicable after the date on which the amount, absent deferral, would be payable to the Participant.

(h) Unless an Eligible Executive's Deferral Election specifically provides otherwise, his or her Deferral Election with respect to salary or sales commission shall expire as of the last day of the calendar year for which the Deferral Election was made, and his or her Deferral Election with respect to Annual Incentive Pay or Performance Unit Compensation shall expire as of the date on which the Annual Incentive Pay or Performance Unit Compensation that is the subject of the Deferral Election is credited under the Plan.

(i) Notwithstanding the foregoing or any provision of the Prior Plan, if an Eligible Executive who has an account under the Prior Plan receives a payment from his or her account under the Prior Plan pursuant to Section 6.3 of the Prior Plan (or any successor to such provision of the Prior Plan) during any year, the Eligible Executive may not make a Deferral Election under this Plan for the two years (or one year, for the period January 1, 2005 through December 31, 2008) immediately following the year in which he or she requested the payment under the Prior Plan, and any Deferral Election that the Eligible Executive purports to make for those two years (or that one year, for the period January 1, 2005 through December 31, 2008) shall not be given effect.

Article IV
Savings Plan Credits

4.1 Savings Plan Credits. Savings Plan Credits will not be made on or after January 1, 2009.

4.2 Vesting. Effective January 1, 2007:

(a) Participants will be fully vested in their Savings Plan Credits Accounts, if any.

(b) Notwithstanding any provision of the Plan to the contrary, any amounts credited to a Participant’s Savings Plan Credits Account will be immediately forfeited in the event it is found by the Committee that a Participant, either during or following Separation from Service, willfully engaged in any activity which is determined by the Committee to be materially adverse or detrimental to the interests of the Corporation, including, but not limited to, any activity which might reasonably be considered by the Committee to be of a nature warranting dismissal of an employee for cause. While the Committee’s decision is pending, the Committee may suspend the payment of benefits to such Participant, and will furnish notice to the Participant of such review. The Committee will consider in its deliberation relative to this provision any explanation or justification submitted to it in writing by the Participant within 60 days following the giving of such notice. The acceptance by a Participant of any benefit under this Plan shall constitute an agreement with the provisions of this Plan and a representation that he or she is not engaged or employed in any activity serving as a basis for suspension or forfeiture of benefits hereunder. The Committee may require each Participant eligible for a benefit under this Plan to acknowledge in writing prior to payment of such benefit that he or she will accept payment of benefits under this Plan only if there is no basis for such suspension or forfeiture.

4.3 Timing of Savings Plan Credits. Savings Plan Credits to a Participant's Savings Plan Credits Account under Section 4.1(a) will commence to be credited each payroll period following the first payroll period for the calendar year in which the Participant's compensation (as defined under the USP) exceeds the maximum amount of compensation that is permitted to be taken into account under Code section 401(a)(17). Savings Plan Credits to a Participant's Savings Plan Credits Account pursuant to Section 4.1(b) will be credited to the Plan ratably throughout the year (or, where applicable, the portion of the year) to which the corresponding Deferral Election applies. Any Savings Plan Credits will be credited to the Plan as soon as administratively practicable after the applicable pay period to which such Savings Plan Credits are applicable. This Section 4.3 will not apply on or after January 1, 2009.

4.4 Distribution of Savings Plan Credits. Amounts credited to a Participant's Savings Plan Credits Account will be distributed to the Participant as a single sum distribution upon his or her Separation from Service; provided, however, that if the Participant is a "specified employee" (within the meaning of Code section 409A and as designated by the Committee) at such time, distribution will be made in a single sum on the first day of the seventh month following the date of the Participant's Separation from Service.

Article V
Corporation Contributions

5.1 Corporation Contributions. The Corporation may make Corporation Contributions to a Participant's Corporation Contributions Account from time to time.

5.2 Vesting. Participants will vest in their Corporation Contributions Accounts according to the schedule established by the Corporation when the Corporation Contribution is made to that Corporation Contributions Account. Notwithstanding the foregoing, if a Participant dies while employed by the Corporation, the Participant will be fully vested in all his Corporation Contributions Accounts, if any.

Article VI
Treatment of Deferred Amounts

6.1 Memorandum Account.

(a) The Corporation shall establish on its books a separate Account for each Participant for each calendar year in which the Participant defers amounts pursuant to a Deferral Election. In addition, Corporation Contributions, if any, and, effective January 1, 2007, Savings Plan Credits, if any, will be credited to a Participant's Account and recorded in a separate Corporation Contributions Account and Savings Plan Credits Account, respectively, therein. Performance Unit Compensation will be credited to the Participant's Account as Stock Units. As of each Valuation Date, incremental amounts determined in accordance with Section 6.2 will be credited or debited to each

Participant's Account. Any payments made to or on behalf of the Participant and for his or her Beneficiary shall be debited from the Account. No assets shall be segregated or earmarked with respect to any Account, and no Participant or Beneficiary shall have any right to assign, transfer, pledge or hypothecate his or her interest or any portion thereof in his or her Account. The Plan and the crediting of Accounts hereunder shall not constitute a trust or a funded arrangement of any sort and shall be merely for the purpose of recording an unsecured contractual obligation of the Corporation.

(b) If the Corporation shall issue a stock dividend on the Unisys Common Stock, stock dividend equivalents shall be credited to the Participant's Stock Units Account, as of the dividend payment date, as Stock Units in the same amount as the stock dividends to which the Participant would have been entitled if the Stock Units were shares of Unisys Common Stock. Cash dividends, if any, shall be credited to the Stock Units Account, as of the dividend payment date, in the form of Stock Units based on the Fair Market Value of the Unisys Common Stock on the dividend payment date. The Stock Units Account shall be appropriately adjusted to reflect splits, reverse splits, or comparable changes to the Corporation's Common Stock.

6.2 Investment Measurement Options.

(a) Subject to the provisions of this Section 6.2, a Participant's Account shall be credited or debited with amounts equal to the amounts that would be earned or lost with respect to the Participant's Account Balance (including, with respect to Stock Units, dividend equivalents and other adjustments) if amounts equal to that Account Balance were actually invested in the Investment Measurement Options in the manner specified by the Participant.

(b) Each Eligible Executive may elect, at the same time as a Deferral Election is made, to have one or more of the Investment Measurement Options applied to current deferrals. Such election with respect to current deferrals may be changed at any time upon appropriate notice to the Plan recordkeeper. Corporation Contributions and Savings Plan Credits will be hypothetically invested in the same manner as amounts attributable to a Participant's Deferral Elections for such calendar year, unless the Participant elects otherwise if permitted by the Committee.

(c) Subject to the restrictions described in Sections 6.2(d) and (e), a Participant may elect to change the manner in which Investment Measurement Options apply to existing Account Balances. Such an election will be effective as soon as practicable after the Participant has provided appropriate notice to the Plan recordkeeper.

(d) Notwithstanding anything to the contrary in the Plan, deferrals of Performance Unit Compensation will be held as Stock Units and may not be treated as invested under any other Investment Measurement Option.

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

(1) The percentage of a Participant's current deferrals and/or Account Balance to which a specified Investment Measurement Option is to be applied must be in integral multiples of one percent (1%). The Participant may change the specified Investment Measurement Options which shall apply to his or her Account(s) on

any business day as of which the Plan's recordkeeper is open for business. Changes in a specified Investment Measurement Option with respect to a Participant's Account will be effective as soon as administratively practicable following receipt of the Participant's election.

(2) To the extent that a Participant has not specified an Investment Measurement Option to apply to all or a portion of his or her current deferrals, Corporation Contributions, Account Balance and/or, effective January 1, 2007, Savings Plan Credits, the Fidelity Balanced Fund (effective as of January 1, 2007) or such other fund as designated by the Committee from time to time shall be deemed to be the applicable Investment Measurement Option.

(3) The chosen Investment Measurement Option or Options shall apply to deferred amounts on and after the date on which such amounts are credited to the Participant's Account.

(f) The Committee shall have the authority to modify the rules and restrictions relating to Investment Measurement Options (including the authority to change such Investment Measurement Options prospectively) as it, in its sole discretion, deems necessary.

Article VII
Payment of Deferred Amounts

7.1 Form and Time of Payment. The benefits to which a Participant or a Beneficiary may be entitled under the Plan shall be paid in accordance with this Section 7.1.

(a) All payments under the Plan shall be made in cash in U.S. dollars, provided, however, that unless otherwise provided by the Committee, Stock Units shall be paid in shares of Unisys Common Stock.

(b) Except as otherwise provided in Section 4.4 with respect to Savings Plan Credits or in Section 7.1(e), 7.2 or 7.3, (1) for payment of a Participant's Account Balance upon Separation from Service, the Account Balance shall be valued as of the last Valuation Date in the month in which the Participant's Separation from Service occurs and payment shall commence on the first day of the next month (notwithstanding the foregoing, if the Participant is a "specified employee" within the meaning of Code section 409A and as designated by the Committee, distribution in a single sum will be made on, or distribution in installments will commence on, the first day of the seventh month following the date of the Participant's Separation from Service), (2) for payment upon any other date or dates specified in the Participant's Deferral Election or Elections or the Participant's Revised Election or Elections (to the extent that the Revised Election or Elections has or have become effective) the Account Balance shall be valued as of the last Valuation Date in the month in which such date occurs and payment shall commence on the first day of the next month, and (3) all payments shall be made in the form or forms specified in the Participant's Deferral Election or Elections or the Participant's Revised Election or Elections (to the extent that the Revised Election or Elections has or have become effective), provided, however, that payment of a Participant's Savings Plan Credits Account will be made in the form of a single sum upon the Participant's Separation from Service with the Corporation, or later, as provided in Section 4.4.

(c) To the extent a Participant has not specified the form or time of payment of his or her Account Balance, payment of the portion of the Participant's Account attributable to Deferral Elections and the Participant's Corporation Contributions Account will be made in a single sum upon the Participant's Separation from Service. Notwithstanding the foregoing, if the Participant is a "specified employee" within the meaning of Code section 409A and as designated by the Committee, distribution will be made in a single sum on the first day of the seventh month following the date of the Participant's Separation from Service.

(d) To the extent a Participant has elected payment in the form of annual installments, each installment payment after the initial installment payment shall be made on or about March 31 of each year following the year in which the first installment was paid. With respect to each Deferral Election made by a Participant, the amount of each annual installment payment to be made to a Participant or Beneficiary under such Deferral Election shall be determined by dividing the portion of the Participant's Account Balance attributable to such Deferral Election as of the latest Valuation Date preceding the date of payment by the number of installments remaining to be paid under such Deferral Election, and the number of shares of Unisys Common Stock delivered to a Participant who is receiving installments from his or her Stock Units Account shall be the quotient of (x) divided by (y) where (x) equals the amount to be distributed in an installment and (y) equals the Fair Market Value on the Valuation Date, with the amount attributable to any fractional share payable in cash in U.S. dollars.

(e) Notwithstanding any Deferral Election made by the Participant or any provision of the Plan to the contrary:

(1) If the Participant's Separation from Service occurs before the specific date as of which all or a portion of the Participant's Account Balance is scheduled to be paid, the payment of that portion of the Participant's Account Balance will commence upon the Participant's Separation from Service and will be made in the form elected by the Participant with respect to a distribution upon Separation from Service. Notwithstanding the foregoing, if the Participant is a "specified employee" within the meaning of Code section 409A and as designated by the Committee, distribution in a single sum will be made on, or distribution in installments will commence on, the first day of the seventh month following the date of the Participant's Separation from Service.

(2) If a Participant's Separation from Service occurs after the Participant begins to receive any portion of an Account Balance that was to be paid to the Participant as of a specific date, the remaining portion of such Account Balance shall continue to be distributed in accordance with the form of payment being made to the Participant at the time of his or her Separation from Service.

(3) If, at the time of a Participant's Separation from Service, the balance in all of a Participant's Accounts is $10,000 or less, the balance in all the Participant's Accounts shall be paid to the Participant in a single sum upon the Participant's Separation from Service, provided, however, that if the Participant is a "specified employee" within the meaning of Code section 409A and as designated by the Committee, the balance in all the Participant's Accounts shall be paid to the Participant in a single sum on the first day of the seventh month following the date of the Participant's Separation from Service.

(4) Any portion of a Participant's Account Balance that has not been paid to the Participant as of the date of his or her death shall be paid to the Participant's Beneficiary in a single sum on the first day of the month following the month in which the Participant's death occurs.

(5) If a Participant demonstrates to the satisfaction of the Committee that he or she has incurred an "unforeseeable emergency" within the meaning of Code section 409A, the Participant may receive a distribution of the amount necessary to meet his or her unforeseeable emergency as determined by the Committee in accordance with Code section 409A and regulations thereunder.

7.2 <u>Revised Election</u>.

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

(1) a date for the commencement of the payment of the Participant's Account Balance attributable to Deferral Elections that, if the Participant originally elected a specified date for payment (as opposed to payment upon Separation from Service), is a date at least five years after the date specified in the Participant's applicable Deferral Election; and/or

(2) a form of payment that calls for a greater number of annual installment payments than that specified in the Participant's applicable Deferral Election, or a number of annual installment payments where the Participant specified a single sum payment in his or her applicable Deferral Election, provided that the first installment begins no earlier than five years after the date on which the Participant originally elected that distribution commence.

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

(b) A Participant may make no more than three Revised Elections with respect to the portion of the Participant's Accounts attributable to Deferral Elections.

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

(1) meet the requirements of Sections 7.2(a) and 7.2(b) above;

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

(3) be submitted to the Corporate Executive Compensation Department on or before the date that is one year before the date on which the portion of the Participant's Account Balance attributable to the Deferral Election that is the subject of the Revised Election would, absent the Revised Election, first become payable.

7.3 SEC Rule 16b. If deemed necessary to comply with Rule 16b-3 under the Securities and Exchange Act of 1934, as amended, the Corporation may delay payment with respect to Stock Units until six months following the date on which the Stock Units were credited to the Participant's Account.

Article VIII
Miscellaneous

8.1 Amendment. The Board may modify or amend, in whole or in part, any of or all the provisions of the Plan, or suspend or terminate it entirely; provided, however, that any such modification, amendment, suspension or termination may not, without the Participant’s consent, adversely affect any amount credited to him or her under the Plan for any period prior to the effective date of such modification, amendment, suspension or termination, except that no Participant consent is necessary if such modification, amendment, suspension or termination is necessary to comply with the requirements of Code section 409A. The Plan shall remain in effect until terminated pursuant to this provision.

8.2 Administration. The Committee shall have the sole authority to interpret the Plan and in its sole discretion to establish and modify administrative rules for the Plan, including, but not limited to, establishing rules regarding elections, hypothetical investments and distributions. The Committee may delegate to any person or persons the authority and responsibility for all or any aspect of administration of the Plan in its sole discretion. Notwithstanding any provision of the Plan to the contrary, the Committee (or its delegate) shall administer the Plan in a manner that is consistent with the requirements of Code section 409A. All expenses and costs in connection with the operation of this Plan shall be borne by the Corporation. The Corporation shall have the right to deduct from any payment to be made pursuant to this Plan any federal, state, local or foreign taxes required by law to be withheld, and any associated interest and/or penalties.

8.3 <u>Governing Law</u>. The Plan shall be construed and its provisions enforced and administered in accordance with the laws of the Commonwealth of Pennsylvania except as such laws may be superseded by the federal law and without regard to Pennsylvania's conflict of laws rules.

8.4 <u>Unfunded Plan</u>. It is intended that the Plan constitute an "unfunded" plan for deferred compensation. The Corporation may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan; provided, however, that, unless the Corporation otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan. Any liability of the Corporation to any person with respect to any Account under the Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No such obligation of the Corporation shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Corporation.

8.5 <u>Payment of FICA and Other Taxes</u>. Generally, any Federal Insurance Contributions Act ("FICA") or other taxes that are payable by the Participant and are required to be withheld by the Corporation during any period with respect to amounts deferred under the Plan pursuant to Section 3.1 or, effective January 1, 2007, amounts credited by the Corporation pursuant to Sections 4.1 or 5.1 during such period shall be withheld from the compensation otherwise currently payable to the Participant during the period.

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ExecutiveRewardsBrief

EXECUTIVE SUPPLEMENTAL BENEFITS/POLICIES UNIQUE TO ELECTED OFFICERS

Annual Physical Examination

Unisys offers you an opportunity to participate in the Executive Health Program through the University of Pennsylvania Health System. This is an important benefit that provides comprehensive health screening and risk reduction services tailored to your needs and schedule at no cost to you. Alternatively, if you choose not to participate in the program, you are eligible to obtain an annual company-paid physical examination from your personal physician. Amounts paid on your behalf are treated as imputed income.

Executive Death Benefit

As an elected officer, you may elect up to $50,000 group universal life insurance coverage under the Company-Provided Life Insurance Plan. In addition, subject to underwriting approvals and applicable corporate governance requirements, elected officers are eligible for supplemental death benefits under the Executive Death Benefit Only Program. During active employment, the program provides a death benefit equal to 4 times your base salary plus target bonus under the Executive Variable Compensation Plan. At retirement, if you remain eligible, the program provides a death benefit equal to 2.5 times your base salary immediately prior to retirement.

Financial Counseling – Tax Preparation Services

Unisys pays for financial counseling services including investment planning, estate planning, and/or tax preparation, up to an annual limit. You pay for the services, and Unisys will reimburse you up to your annual limit.

Role	Annual Maximum
CEO	$ 7,500
Executive Vice President Senior Vice President	$ 5,000
Elected Officer VP	$ 4,000

You may use any service provider except for the Unisys corporate auditor (currently KPMG). Amounts reimbursed under this program are treated as imputed income.

Spousal Travel

Spouses may travel with executives on business trips only when spousal attendance is required. Expenses for spousal travel are treated as imputed income with a tax gross-up, i.e., Unisys pays the taxes on your behalf so there is no net impact to you.

Stock Option Transferability

Elected officers may choose to transfer the ownership of their stock options to a family member or trust.

Please note: This communication describes in a summary fashion or refers to certain Unisys benefit and compensation plans and programs, without going into all of the details. The provisions of the applicable plan/program documents solely determine the legal rights and obligations of any person. In the event of any discrepancy between these communications and the official plan/program documents, the applicable plan/program documents (including any amendments), as interpreted by the plan/program administrator, in his/her/its sole discretion, will always govern. Unisys reserves the right to amend or terminate any or all of its benefit and compensation plans, in whole or in part, at any time and for any reason without prior notice or consent, to the extent permissible under applicable law.

EXECUTIVE SUPPLEMENTAL BENEFITS/POLICIES UNIQUE TO ELECTED OFFICERS
(continued)

Stock Ownership Guidelines

Elected officers are subject to stock ownership guidelines based on a fixed number of shares of Unisys stock as follows:

CEO	200,000	Shares
EVP	75,000	Shares
SVP	45,000	Shares
VP	25,000	Shares

Elected officers are required to achieve their target by the later of April 1, 2010 or 5 years from becoming an officer.

IMPORTANT: Trading Windows (Quarterly)

In addition to other trading restrictions that may be imposed under the policy or applicable law, elected officers must limit their sale of Unisys common stock to periods commencing five (5) trading days after the release by Unisys of its quarterly or annual financial results and ending twenty-one (21) calendar days after the commencement of the trading period.

February 2009

Exhibit 10.31

Brian Krueger
Vice President
Global Recruiting

Unisys Corporation
Unisys Way
Blue Bell PA 19424

215 986 5558
Fax
215 986 0618

UNISYS

May 1, 2007

Richard Marcello
19 Pinnacle Road
Harvard, MA 01451

Dear Rich:

CONGRATULATIONS!

I am pleased to extend an offer of employment to you as President, Systems & Technology of Unisys Corporation, reporting to Joe McGrath. This position will be based in Blue Bell, Pennsylvania. At our next regularly scheduled Board of Directors meeting, we will recommend you for election as a corporate officer, Sr. Vice President of Unisys Corporation. Attached is the Unisys Elected Officer Supplemental Benefits Summary.

This offer is made to you at a monthly salary of $37,500, which is equivalent to $450,000 annual salary. The Unisys preferred method of salary payment is through direct deposit to the employee’s bank account. You will be eligible to participate in the 2007 Executive Variable Compensation Plan (“2007 EVC Plan”) with a target of 85% of your base salary in effect at the end of the plan year. During your first year, your incentive target will be guaranteed pro-rata from your start date through the end of the calendar year and will be paid at the same time that other participants in the 2007 EVC Plan are paid or would have been paid. For 2008, your incentive target will be guaranteed pro-rata from January 1, 2008 until May 13, 2008. You will be paid the guaranteed portion of your bonus at the same time that other bonuses for other participants in the 2008 Executive Variable Compensation Plan (“2008 EVC Plan”) are paid or would have been paid. To the extent permitted by applicable law, you must continue to be actively employed on a full-time basis through the 2007 EVC Plan and 2008 EVC Plan payout dates to be eligible to receive an award for that particular year. Incentive payouts and participation for the remainder of 2008 and for subsequent years will be determined in accordance with the terms of the incentive plan then in effect or any other incentive plan for which you may be eligible.

In addition, a recommendation will be made to the Compensation Committee of the Board of Directors at its next scheduled meeting that you be granted 50,000 restricted stock units (“RSUs”), awarded under the terms of the 2003 Long-Term Incentive and Equity Compensation Plan. These RSUs will vest 1/3 on the first anniversary of the date of grant (rounded up to the nearest whole share), 1/3 on the second anniversary of the date of the grant and the remainder on the third anniversary of the date of the grant and will be payable in shares of Unisys common stock. The date of grant will be the later of the date of the Compensation Committee meeting or the day after your hire date. You will be required to sign a restricted stock unit award agreement containing a non-compete clause and this agreement must be returned in its entirety within sixty days of the date of receipt.

A recommendation will also be made to the Compensation Committee of the Board of Directors at its next scheduled meeting, that you be awarded a stock option grant of 50,000 shares of Unisys Common

Stock, which is conditional on your signing a Stock Option Agreement containing a non-compete clause. This agreement is issued from Executive Compensation after your recommended grant is approved. You will have sixty days from date of receipt to sign and return your agreement, or your grant may be forfeited. The grant price will be the fair market value on the date of grant, which is the later of the date of the Compensation Committee meeting or the day after your hire date. For these purposes, fair market value is defined as, the grant price on any date, the average of the high and low quoted sales prices of a share of Company Common Stock, sold regular way, through the close of the New York Stock Exchange at 4:00 PM US Eastern Standard Time on such date or, if there were no sales on such date, on the last preceding date on which a sale was reported. The vesting of shares of stock subject to the stock option grant is as follows: 1/3 on the first anniversary of the date of grant (rounded up to the nearest whole share), 1/3 on the second anniversary of the date of the grant and the remainder on the third anniversary of the date of the grant. This stock option grant will expire on the fifth anniversary of the date of grant.

In addition, Unisys will also provide you with a sign-on bonus payment of $50,000 within the first month of your employment. Should you leave prior to completing 12 months of service you are required to repay in full. Any unpaid amounts will be deducted from your final paycheck and/or any other amounts due to you from Unisys – including (but not limited to): bonuses, travel reimbursements, commissions – to the extent permitted by law. Any amounts recovered by Unisys shall not relieve your obligation to repay in full.

The *For Your Benefit* brochure provides an overview of the Unisys benefits programs. Unisys provides Day One Coverage for some of the benefits offered, and allows you to make your elections prior to your first day of employment. Shortly after Unisys receives acceptance of this offer of employment and signed documentation, you will be sent information from the Unisys Concierge that will instruct you on how to enroll for benefits. As a Unisys employee, you will be immediately eligible to participate in the Unisys 401 (k) Savings Plan.

Employment is contingent upon the completion of required forms, which include, but may not be limited to, the following: proof of employment eligibility and identity under the Immigration Reform Control Act of 1986 (including making all arrangements necessary to assure the timely completion of the I-9 Employment Eligibility Verification Form within three (3) days from the start of your employment), and signing of the enclosed Employee Proprietary Information, Inventions and Non-Competition Agreement. This offer is also contingent upon there being no post-employment limitation for you from your former employer that would prohibit or limit you from performing duties on behalf of Unisys.

Unisys is committed to maintaining its competitive position in the employment marketplace. However, it is agreed that neither this offer of employment, nor the maintenance of personnel policies, procedures and benefits, including, but not limited to those found in the “For Your Benefit” brochure, creates a contract of employment.

Rich, we look forward to you joining the team at Unisys! We expect that you will find many challenges and rewards awaiting you here. Should you have any questions, please feel free to contact me at 215-986-5558. Please fax a signed copy of the last page of this letter and Employee Proprietary Information form to me at 215-986-0618 by Friday, May 4 and send originals via return mail in the enclosed envelope.

Sincerely,

/s/ Brian Krueger
Brian Krueger
Vice President
Global Recruiting

cc: Joseph W. McGrath
Pat Bradford

Enc. Employee Proprietary Information Form
Unisys Elected Officer Supplemental Benefits Summary
For Your Benefit
Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan

Exhibit 10.32

Patricia A. Bradford
Senior Vice President
Worldwide Human Resources

Unisys Corporation
Unisys Way
Blue Bell PA 19424-0001

Telephone
215 986 5211
Fax
215 986 0629

Unisys

November 9, 2007

Revised

Tony Doye
2602 Lasswade Lane
Oakton, VA 22124

Dear Tony:

CONGRATULATIONS!

I am pleased to extend an offer of employment to you as Chief Operating Officer, Global Outsourcing and Infrastructure Services (GOIS) organization, reporting to Randy Hendricks. This position will be based in Reston, Virginia. Before January 1, 2008, we will recommend you for election as a Senior Vice President (corporate officer), President, Global Outsourcing and Infrastructure Services of Unisys Corporation reporting to Joseph W. McGrath, President and Chief Executive Officer. Attached is the Unisys Elected Officer Supplemental Benefits Summary.

This offer is made to you at a monthly salary of $41,667, which is equivalent to $500,004 annual salary. The Unisys preferred method of salary payment is through direct deposit to the employee's bank account.

You will be eligible to participate in the 2007 Executive Variable Compensation Plan ("2007 EVC Plan") with a target of 85% of your base salary. Your incentive target ($425,000 per year) will be guaranteed for 24 months based on your starting salary at time of hire, contingent on your continued employment on the date of payment. During the remainder of 2007, your incentive target will be guaranteed pro-rata from your start date through the end of the calendar year and will be paid at the same time that other participants in the 2007 EVC Plan are paid or would have been paid. For 2008, your incentive target will be guaranteed and will be paid at the same time that other participants in the 2008 EVC Plan ("2008 EVC Plan") are paid or would have been paid. For 2009, your incentive target will be guaranteed pro-rata from January 1, 2009 until the second anniversary of your date of hire. You will be paid the guaranteed portion of your bonus at the same time that other bonuses for other participants in the 2009 Executive Variable Compensation Plan ("2009 EVC Plan") are paid or would have been paid. Incentive payouts and participation for the remainder of 2009 and for subsequent years will be determined in accordance with the terms of the incentive plan then in effect or any other incentive plan for which you may be eligible. You must continue to be actively employed on a full-time basis through the 2007, 2008 and 2009 EVC Plan payout dates to be eligible to receive an award for that particular year.

A recommendation will be made to the Compensation Committee of the Board of Directors at its next scheduled meeting that you be granted 180,000 restricted stock units ("RSUs"), awarded under the terms of the 2003 Long-Term Incentive and Equity Compensation Plan. These RSUs will vest on the third anniversary of the date of the grant and will be payable in shares of Unisys common stock. The date of grant will be the later of the date of the Compensation Committee meeting or the day after your hire date. An additional recommendation will be made to the Compensation Committee of the Board of Directors at that same meeting that you be granted 50,000 restricted stock units ("RSUs"), awarded under the terms of the 2003 Long-Term Incentive and Equity Compensation Plan. These RSUs will vest 1/3 on the first anniversary of the date of grant (rounded up to the nearest whole share), 1/3 on the second anniversary of the date of the grant and the remainder on the third anniversary of the date of the grant and will be payable in shares of Unisys common stock. The date of grant will be the later of the date of the Compensation Committee meeting or the day after your hire date. You will be required to sign a restricted stock unit award agreement for each grant containing a non-compete clause and this agreement must be returned in its entirety by the date specified in the agreement.

In addition, Unisys will also provide you with a sign-on bonus payment of $250,000 within the first month of your employment. If you voluntarily resign prior to completing 12 months of service you are required to repay in full. Any unpaid amounts will be deducted from your final paycheck and/or any other amounts due to you from Unisys – including (but not limited to): bonuses, travel reimbursements, commissions – to the extent permitted by law. Any amounts recovered by Unisys shall not relieve your obligation to repay in full.

In the event that your employment is terminated by Unisys without "cause" within twenty four (24) months of your hire date, you will be entitled to receive the continued monthly payment of your base salary, plus continuation of medical and dental benefits, for six (6) months from the date of said termination, beginning no later than 60 days from termination. You agree to accept these termination payments as the sole and exclusive remedy against Unisys for any claims arising out of the termination of your employment by Unisys without cause. These special termination payments shall not be considered as compensation for purposes of any employee benefit plan, including, but not limited to, the Unisys Savings Plan.

For purposes of this agreement, "cause" means intentional dishonesty; conviction of a felony; or your conviction of a misdemeanor involving honesty which, in the opinion of Unisys, impairs your ability to substantially perform your job; gross neglect of your duties; engaging in conduct which is against the best interest of Unisys, including but not limited to conduct which materially violates the Unisys Code of Ethical Conduct; or your continued failure to adequately perform your job duties, provided that Unisys has given you a written notice identifying the manner in which it believes that you have failed to adequately perform your job duties and you fail to cure your inadequate performance within 30 days of receiving such notice; or your inability to perform your duties because of a mental or physical disability which extends for a period of six months, or your death.

This offer letter shall be interpreted to avoid any penalty sanctions under section 409A of the Internal Revenue Code of 1986, as amended (the “Code”). If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. All payments to be made upon a termination of employment under this offer letter may only be made upon a ‘separation from service’ under section 409A of the Code. See the attachment to this offer letter for more details as to section 409A of the Code, which attachment is a part of this offer letter.

You have represented to Unisys that the stock option and restricted stock agreements you have with your present employer contain “claw-back” provisions which may permit your employer to recoup certain gains you may have realized through the exercise of those awards. While we do not believe that your employment with Unisys would be in violation of any post-employment restrictions, you agree to immediately notify me in the event that you are contacted by your current employer regarding the enforcement of the claw-back provision of your stock option and restricted stock agreements. You also agree to fully cooperate with Unisys in the event that it elects to contest any enforcement proceeding. Unisys will assume the cost of any such defense. In the event that such proceedings ultimately result in an actual loss to you, Unisys will offset your actual loss with an offer of up to 140,000 RSUs under the terms of the 2003 Long-Term Incentive and Equity Compensation Plan that, once approved by the Compensation Committee of the Board of Directors, and contingent on your continued employment through the vesting date, will vest on the third anniversary of the date of the grant and will be payable in shares of Unisys common stock. This provision of your offer letter will expire twelve months from the date hereof.

The *2007 Benefits Highlights* brochure provides an overview of the Unisys benefits programs. Unisys provides Day One Coverage for some of the benefits offered, and allows you to make your elections prior to your first day of employment. Shortly after Unisys receives acceptance of this offer of employment and signed documentation, you will be sent information from the Unisys Concierge that will instruct you on how to enroll for benefits. As a Unisys employee, you will be immediately eligible to participate in the Unisys 401(k) Savings Plan.

Employment is contingent upon the completion of required forms, which include, but may not be limited to, the following: proof of employment eligibility and identity under the Immigration Reform Control Act of 1986 (including making all arrangements necessary to assure the timely completion of the I-9 Employment Eligibility Verification Form within three (3) days from the start of your employment), and signing of the enclosed Employee Proprietary Information, Inventions and Non-Competition Agreement.

Unisys is committed to maintaining its competitive position in the employment marketplace. However, it is agreed that neither this offer of employment, nor the maintenance of personnel policies, procedures and benefits, including, but not limited to those found in the “2007 Benefits Highlights” brochure, creates a contract of employment.

Tony, we look forward to you joining the team at Unisys! We expect that you will find many challenges and rewards awaiting you here. Should you have any questions, please feel free to contact me at 215-986-5221. Please fax a signed copy of the last page of this letter and Employee Proprietary Information form to me at 215-986-0629 no later than midnight, November 13, 2007 and send originals via return mail in the enclosed envelope.

Sincerely,

/s/ Patricia A. Bradford
Patricia A. Bradford
Senior Vice President
Worldwide Human Resources and Reporting

cc: Joseph W. McGrath

Enc. Attachment to Offer Letter Relating to Code Section 409(A)
Employee Proprietary Information Form
Unisys Elected Officer Supplemental Benefits Summary
2007 Benefits Highlights
Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan

If the conditions of this offer are acceptable to you, please sign the enclosed copy of this letter and attachments. This offer is valid until midnight, November 14, 2007.

I have read and accepted the offer as outlined above:

Accepted: ____ Date: ____________

To establish your personal employee record and for security of your record in our PeopleSoft Human Resource Information System, please provide the following:

Social Security Number:	______________________________
Date of Birth:	______________________________
County of Residence:	______________________________
Start Date:	______________________________

Exhibit 12

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

	Years Ended December 31				
	2008	2007	2006	2005	2004
Fixed charges					
Interest expense	$ 85.1	$ 76.3	$ 77.2	$ 64.7	$ 69.0
Interest capitalized during the period	9.0	9.1	9.9	15.0	16.3
Amortization of debt issuance expenses	4.1	3.8	3.8	3.4	3.5
Portion of rental expense representative of interest	50.6	55.9	56.7	60.9	61.6
Total Fixed Charges	148.8	145.1	147.6	144.0	150.4
Earnings					
Income (loss) from continuing operations before income taxes	(77.0)	3.5	(250.9)	(170.9)	(76.0)
Add (deduct) the following:					
Share of loss (income) of associated companies	—	—	4.5	(7.2)	(14.0)
Amortization of capitalized interest	16.1	14.5	13.7	12.9	11.7
Subtotal	(60.9)	18.0	(232.7)	(165.2)	(78.3)
Fixed charges per above	148.8	145.1	147.6	144.0	150.4
Less interest capitalized during the period	(9.0)	(9.1)	(9.9)	(15.0)	(16.3)
Total earnings	$ 78.9	$154.0	$ (95.0)	$ (36.2)	$ 55.8
Ratio of earnings to fixed charges	*	1.06	*	*	*

* Earnings for the years ended December 31, 2008, 2006, 2005 and 2004 were inadequate to cover fixed charges by $69.9 million, $242.6 million, $180.2 million and $94.6 million, respectively.

Unisys Corporation

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

Overview

For 2008, the company reported a net loss of $130.1 million. Revenue for 2008 was $5.23 billion, down 7% from 2007 revenue of $5.65 billion. The results include pretax charges of $103.1 million related primarily to cost reduction actions announced in the fourth quarter of 2008. The company's 2008 financial results also reflect the global economic slowdown in the second half of the year. The company saw this slowdown particularly in its financial services business, but also in other key commercial industries, as clients reacted to economic uncertainties by reducing information technology (IT) spending. Reduced demand for the company's services and products impacted the company's revenue and profit margins for the year.

In the fourth quarter of 2008, the company announced an aggressive turnaround program, led by new Chairman and CEO Ed Coleman, to strengthen its profitability and competitive position. The actions involve focusing the company's global resources, simplifying its business structure, and reducing its cost and expense base. These actions include:

- Concentrating the company's investments and resources on business opportunities in fewer, more profitable markets in the IT marketplace;
- Creating clearly differentiated value propositions within each of its focused markets and solution offerings;
- Enhancing the cost-efficiency of its services labor delivery model to drive gross margin expansion; and
- Reducing overhead expense by simplifying its business, streamlining reporting lines and processes, and creating clear lines of accountability for results.

As part of this program, the company announced that it was exploring and taking action upon a wide range of options to reduce its cost base. Initial actions currently underway, which are focused on reducing selling, general and administrative expenses and service delivery costs, are expected to reduce the company's annual cost structure by more than $225 million. The cost-reduction actions include reductions in third-party expenses, facility consolidations, headcount reductions of approximately 1,300 positions worldwide, and a suspension of company matching contributions to the U.S. 401(k) plan, which had been costing about $50 million annually. The headcount reductions have begun and will continue into 2009. In addition, the company plans to forgo 2009 salary increases in most of its markets.

For 2008, the company reported a net loss of $130.1 million, or $.36 per share. The results included:

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

- Pretax pension income of $51.3 million. See Note 17 of the Notes to Consolidated Financial Statements.

For 2007, the company reported a net loss of $79.1 million, or $.23 per share. The results included:

- Pretax cost reduction and other charges of $116.8 million, principally for 1,737 personnel reductions and idle facility costs. See Note 3 of the Notes to Consolidated Financial Statements;

- Pretax pension expense of $35.0 million. See Note 17 of the Notes to Consolidated Financial Statements;

- A pretax gain of $24.7 million on the sale of the company's media solutions business. See Note 9 of the Notes to Consolidated Financial Statements; and

- A $39.4 million tax benefit related to an income tax audit settlement. See Note 7 of the Notes to Consolidated Financial Statements.

For 2006, the company reported a net loss of $278.7 million, or $.81 per share. The results included:

- Pretax cost-reduction charges of $330.1 million, for the cost of 5,665 personnel reductions. See Note 3 of the Notes to Consolidated Financial Statements;
- Pretax pension expense of $135.5 million, which included a $45.0 million pretax curtailment gain related to changes adopted in the company's U.S. defined benefit pension plans. See Note 17 of the Notes to Consolidated Financial Statements; and
- A pretax gain of $149.9 million on the sale of the company's shares in Nihon Unisys, Ltd. (NUL), a publicly traded company and the exclusive distributor of the company's hardware and software in Japan. The company sold all of its 30.5 million shares in NUL, generating cash proceeds of approximately $378 million. See Note 9 of the Notes to Consolidated Financial Statements.

Results of operations

Key factors impacting 2006, 2007 and 2008 results of operations

The company's results in each year reflect a number of actions to reduce costs to achieve profitability. In the last three years, the company has recorded total pretax charges of $550.0 million, comprised of $435.0 million for 8,706 work-force reductions, $61.0 million for idle lease cost and $54.0 million principally related to asset write downs associated with portfolio exits and lease guarantees.

During 2006, the company committed to a reduction of 5,665 employees. This resulted in pretax charges in 2006 of $330.1 million, principally related to severance costs, which were comprised of: (a) a charge of $72.4 million for 2,250 employees in the U.S. and (b) a charge of $257.7 million for 3,415 employees outside the U.S. The pretax charges were recorded in the following statement of income classifications: cost of revenue – services, $216.9 million; cost of revenue – technology, $2.0 million; selling, general and administrative expenses, $84.6 million; research and development expenses, $29.4 million; and other income (expense), net, $2.8 million. The income recorded in other income (expense), net relates to minority shareholders' portion of the charge related to the company's fully consolidated majority-owned subsidiaries.

During 2007, the company consolidated facility space and committed to an additional reduction of 1,737 employees. This resulted in pretax charges of $116.8 million. The charges related to work-force reductions of $62.3 million were comprised of the following components: (a) 1,031 employees in the U.S. for a charge of $29.9 million and (b) 706 employees outside the U.S. for a charge of $32.4 million. The facility charges of $40.6 million principally relate to 46 leased properties that the company ceased using during 2007. The facility charges represent the fair value of the liability at the cease-use date and were determined based on the remaining lease rental payments, reduced by estimated sublease rentals that could be reasonably obtained for the property. In addition, the company recorded pretax charges of $13.9 million, principally related to asset impairments and leasehold improvement write-offs, lease guarantees, as well as other expenses related to the cost reduction efforts. The pretax charges of $116.8 million were recorded in the following statement of income classifications: cost of revenue – services, $31.8 million; cost of revenue – technology, $3.9 million; selling, general and administrative expenses, $62.0 million; research and development expenses, $20.6 million; and other income (expense), net, $1.5 million.

As described above, during 2008, the company consolidated facility space and committed to an additional reduction of 1,304 employees. This resulted in pretax charges of $103.1 million. The charges related to work-force reductions of $42.6 million were comprised of the following components: (a) 866 employees in the U.S. for a charge of $20.2 million and (b) 438 employees outside the U.S. for a charge of $22.4 million. The facility charges of $20.4 million principally relate to 15 leased properties that the company ceased using during 2008. In addition, the company recorded pretax charges of $40.1 million, principally related to asset write downs related to portfolio exits and lease guarantees. The pretax charges of $103.1 million were recorded in the following statement of income classifications: cost of revenue – services, $36.1 million; cost of revenue – technology, $14.3 million; selling, general and administrative expenses, $49.0 million; and research and development expenses, $3.7 million.

In March 2006, the company adopted changes to its U.S. defined benefit pension plans effective December 31, 2006. The changes affected most U.S. employees including senior management and included ending the accrual of future benefits in the company's defined benefit pension plans for employees effective December 31, 2006. No new entrants to the plans are allowed after that date. The changes do not affect the vested accrued pension benefits of current and former employees, including retirees. As a result of the amendment to stop accruals for future benefits in its U.S. defined benefit pension plans, the company recorded a pretax curtailment gain of $45.0 million in 2006. Effective January 1, 2007, the company increased its matching contribution for its U.S. defined contribution plan to 100 percent of the first 6 percent of eligible pay contributed by participants. The company match was made in company common stock. Effective January 1, 2009, the company match to the U.S. employee savings plan was suspended.

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

Company results

Revenue for 2008 was $5.23 billion compared with 2007 revenue of $5.65 billion, a decrease of 7%. Services revenue in 2008 decreased by 5% and Technology revenue declined by 22%. Foreign currency had a 1-percentage-point positive impact on revenue in 2008 compared with 2007. Revenue for 2007 was $5.65 billion compared with 2006 revenue of $5.76 billion, a decrease of 2%. Services revenue in 2007 decreased by 1% and Technology revenue declined by 4%. Foreign currency had a 4-percentage-point positive impact on revenue in 2007 compared with 2006. Revenue from international operations in 2008, 2007 and 2006 was $2.99 billion, $3.22 billion and $3.22 billion, respectively. On a constant currency basis, international revenue decreased 9% in 2008 compared with 2007 and decreased 7% in 2007 compared with 2006. Revenue from U.S. operations was $2.24 billion in 2008, $2.43 billion in 2007 and $2.54 billion in 2006.

Pension income for 2008 was $51.3 million compared with pension expense of $35.0 million in 2007 and pension expense of $135.5 million in 2006. The change in 2008 from 2007 was principally due to increases in discount rates and higher returns on plan assets in prior years. The decrease in pension expense in 2007 from 2006 was principally due to the changes made in the U.S. defined benefit pension plans in 2006, discussed above, as well as the higher fair market value of plan assets, higher discount rates, a lower level of employees and a $5.7 million curtailment gain in a defined benefit plan in the Netherlands. The company records pension income or expense, as well as other employee-related costs such as payroll taxes and medical insurance costs, in operating income in the following income statement categories: cost of revenue; selling, general and administrative expenses; and research and development expenses. The amount allocated to each category is based on where the salaries of active employees are charged.

Gross profit percent was 21.5% in 2008, 22.8% in 2007 and 17.5% in 2006. Included in gross profit percent in 2008, 2007 and 2006 were cost reduction charges of $50.4 million, $35.7 million and $218.9 million, respectively. Gross profit percent in 2008 compared with 2007 reflects a decline in pension expense of $66.5 million (income of $39.7 million in 2008 compared with expense of $26.8 million in 2007). Gross profit percent in 2007 compared with 2006 reflects a decline in pension expense of $72.5 million ($26.8 million expense in 2007 compared with $99.3 million expense in 2006).

Selling, general and administrative expenses were $957.0 million in 2008 (18.3% of revenue), $1.02 billion in 2007 (18.1% of revenue) and $1.10 billion in 2006 (19.2% of revenue). Included in selling, general and administrative expenses in 2008, 2007 and 2006 were cost reduction charges of $49.0 million, $62.0 million and $84.6 million, respectively. Selling, general and administrative expenses in 2008 compared with 2007 reflect a decline in pension expense of $14.0 million (income of $4.7 million in 2008 compared with expense of $9.3 million in 2007). In addition in 2008, the company (a) reversed $13.2 million of previously-accrued compensation expense related to performance-based restricted stock units due to a change in the assessment of the achievability of performance goals and (b) recorded approximately $9 million of charges associated with prior year items related principally to employee benefits and lease accounting. See Note 17 of the Notes to Consolidated Financial Statements. Selling, general and administrative expenses in 2007 compared with 2006 reflect a decline in pension expense of $19.5 million ($9.3 million expense in 2007 compared with $28.8 million expense in 2006). Also contributing to the decline in 2007 compared with 2006 was a reduction of $16.7 million in bad debt expense as 2007 benefited from the reversal of bad debt expense due to collections of some long-outstanding receivables.

Research and development (R&D) expenses in 2008 were $129.0 million compared with $179.0 million in 2007 and $231.7 million in 2006. Included in R&D expenses in 2008, 2007 and 2006 were cost reduction charges of $3.7 million, $20.6 million and $29.4 million, respectively. The decrease in R&D expenses in 2008 and 2007, excluding these charges, principally reflects changes in the company's development model as the company has focused its investments on value-added software and services while partnering with outside companies on hardware and systems design and development.

In 2008, the company reported an operating profit of $40.7 million compared with an operating profit of $85.9 million in 2007 and an operating loss of $326.8 million in 2006. The principal items affecting the comparison of 2008 with 2007 were the overall revenue decline and the expiration of the one-time fixed royalty fee from NUL, discussed below. Revenue in 2008 declined approximately $56 million due to the expiration of this royalty fee. Operating profit in 2008 compared with 2007 also reflected a decline in pension expense of $86.3 million (pension income of $51.3 million in 2008 compared with pension expense of $35.0 million in 2007) and cost reduction charges of $103.1 million in 2008 compared with $118.3 million in 2007. The principal item affecting the comparison of 2007 with 2006 was a $118.3 million charge in 2007 compared with $332.9 million charge in 2006 related to the cost reduction actions.

Interest expense was $85.1 million in 2008, $76.3 million in 2007 and $77.2 million in 2006. The increase in interest expense in 2008 was primarily due to increased interest rates related to the refinancing of the $200 million 7 7/8% notes due 2008 with the company's $210 million 12 1/2% notes due 2016. The decrease in 2007 compared with 2006 was principally due to lower average debt.

Other income (expense), net was expense of $32.6 million in 2008, compared with expense of $6.1 million in 2007 and income of $153.1 million in 2006. The difference in 2008 from 2007 was principally due to a gain of $24.7 million on the sale of the company's media business in 2007. The difference in 2007 from 2006 was principally due to (a) a gain of $24.7 million on the sale of the company's media business in 2007 compared with a gain of $149.9 million on the sale of all of the company's shares of NUL in 2006 (see Note 9 of the Notes to Consolidated Financial Statements), (b) minority interest expense of $23.4 million in 2007 compared with minority interest expense of $6.0 million in 2006 related to minority shareholders' portion of earnings of Intelligent Processing Solutions Limited, and (c) an expense in 2007 of $10.7 million to settle an escheat audit.

Income (loss) before income taxes in 2008 was a loss of $77.0 million compared with income of $3.5 million in 2007 and losses of $250.9 million in 2006. The changes were principally due to the revenue declines, discussed above.

The company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. SFAS No. 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or the entire deferred tax asset will not be realized.

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

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

The realization of the remaining net deferred tax assets of approximately $85 million as of December 31, 2008 is primarily dependent on forecasted future taxable income within certain foreign jurisdictions. Any reduction in estimated forecasted future taxable income may require the company to record an additional valuation allowance against the remaining deferred tax assets. Any increase or decrease in the valuation allowance would result in additional or lower income tax expense in such period and could have a significant impact on that period's earnings.

The provision for income taxes in 2008 was $53.1 million compared with a provision of $82.6 million in 2007 and a provision of $27.8 million in 2006. The 2008 income tax provision includes a $7.8 million benefit related to provisions in the Housing and Economic Recovery Act of 2008 permitting certain research and alternative minimum tax (AMT) credit carryforwards to be refundable, a $9.7 million benefit due to a change in judgment resulting in a decrease in valuation allowances and a tax benefit of $8.7 million related to prior year tax adjustments. The 2007 income tax provision includes a benefit of $39.4 million related to a Netherlands income tax audit settlement and a provision of $8.9 million due to a reduction of the UK income tax rate and its impact on the UK deferred tax assets (see Note 7 of the Notes to Consolidated Financial Statements). The increases in the 2008 and 2007 tax provision as compared with 2006 resulted from foreign withholding taxes and improved earnings in certain foreign jurisdictions during 2008 and 2007, while the company continues to record a full valuation allowance on pretax losses in jurisdictions where it is not more likely than not that the benefit of such losses will be realized.

In March 2006, the company sold all of the shares it owned in NUL, a publicly traded Japanese company. The company received gross proceeds of $378.1 million and recognized a pretax gain of $149.9 million in 2006. NUL continues to be the exclusive distributor of the company’s hardware and software in Japan.

During the year ended December 31, 2006, the company recorded an equity loss related to NUL of $4.2 million, which was recorded in “Other income (expense), net” in the company’s consolidated statements of income. For the years ended December 31, 2008, 2007 and 2006, total direct and indirect sales to NUL were approximately $134 million, $185 million and $245 million, respectively.

In 2005, the company and NUL amended the terms of a license and support agreement pursuant to which NUL receives access to certain of the company’s intellectual property and support services. Under the revised arrangement, the company has granted NUL a perpetual license to the intellectual property, and, in lieu of an annual royalty, NUL paid the company a one-time fixed fee of $225 million, one-half of which was paid in October 2005 and one-half of which was paid in September 2006. The company recognized the $225 million as revenue over the three-year period ended March 31, 2008. The royalty fees are included in the direct and indirect sales disclosed above. In addition, the parties agreed that NUL would pay the company a fee of $20 million per year during the three years ended March 31, 2008 for the support services it provides under the license and support agreement. In 2007, NUL exercised an option to renew the support services arrangement for an additional two years at the same price.

Segment results

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

Also included in the Technology segment’s sales and operating profit are hardware and software sold to the Services segment for internal use in Services agreements. The amount of such profit included in operating income of the Technology segment for the years ended December 31, 2008, 2007 and 2006, was $38.5 million, $17.3 million and $16.4 million, respectively. The profit on these transactions is eliminated in Corporate.

The company evaluates business segment performance on operating income exclusive of cost-reduction charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments, based principally on revenue, employees, square footage or usage. Therefore, the segment comparisons below exclude the cost-reduction charges mentioned above. See Note 16 of the Notes to Consolidated Financial Statements.

Information by business segment for 2008, 2007 and 2006 is presented below:

(millions of dollars)	Total	Eliminations	Services	Technology
2008				
Customer revenue	$5,233.2		$4,603.6	$629.6
Intersegment		$(232.0)	13.9	218.1
Total revenue	$5,233.2	$(232.0)	$4,617.5	$847.7
Gross profit percent	21.5%		18.1%	43.5%
Operating income percent	.8%		3.0%	4.1%
2007				
Customer revenue	$5,652.5		$4,846.7	$805.8
Intersegment		$(206.7)	13.9	192.8
Total revenue	$5,652.5	$(206.7)	$4,860.6	$998.6
Gross profit percent	22.8%		17.4%	47.0%
Operating income percent	1.5%		2.5%	8.3%
2006				
Customer revenue	$5,757.2		$4,917.2	$840.0
Intersegment		$(250.3)	14.8	235.5
Total revenue	$5,757.2	$(250.3)	$4,932.0	$1,075.5
Gross profit percent	17.5%		15.1%	44.2%
Operating income (loss) percent	(5.7)%		(.5)%	1.7%

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

Customer revenue by classes of similar products or services, by segment, for 2008, 2007 and 2006 is presented below:

Year ended December 31 (millions)	**2008**	2007	Percent Change	2006	Percent Change
Services					
Systems integration and consulting	**$1,490.5**	$1,504.2	(.9)%	$1,591.8	(5.5)%
Outsourcing	**2,006.6**	2,039.7	(1.6)%	1,916.2	6.4%
Infrastructure services	**735.1**	878.2	(16.3)%	948.2	(7.4)%
Core maintenance	**371.4**	424.6	(12.5)%	461.0	(7.9)%
	4,603.6	4,846.7	(5.0)%	4,917.2	(1.4)%
Technology					
Enterprise-class servers	**515.8**	647.3	(20.3)%	668.6	(3.2)%
Specialized technologies	**113.8**	158.5	(28.2)%	171.4	(7.5)%
	629.6	805.8	(21.9)%	840.0	(4.1)%
Total	**$5,233.2**	$5,652.5	(7.4)%	$5,757.2	(1.8)%

In the Services segment, customer revenue was $4.60 billion in 2008, $4.85 billion in 2007 and $4.92 billion in 2006. Foreign currency had about a 1-percentage-point positive impact on Services revenue in 2008 compared with 2007.

Revenue from systems integration and consulting decreased .9% from $1.50 billion in 2007 to $1.49 billion in 2008; in 2007 it decreased 5.5% from $1.59 billion in 2006. The 2007 decline was due to disruptions in this business related to streamlining of the portfolio, personnel retraining and other repositioning actions.

Outsourcing revenue decreased 1.6% from $2.04 billion in 2007 to $2.01 billion in 2008; in 2007 it increased by 6.4% from $1.92 billion in 2006, led by increases in both information technology outsourcing (ITO) and business processing outsourcing (BPO).

Infrastructure services revenue declined 16.3% from $878.2 million in 2007 to $735.1 million in 2008; in 2007 it decreased 7.4% from $948.2 million in 2006. The decline in both periods was due to weakness in demand for network design and consulting projects, the shift of project-based infrastructure work to managed outsourcing contracts and the company’s shift away from low-margin project work.

Core maintenance revenue declined 12.5% from $424.6 million in 2007 to $371.4 million in 2008; it decreased 7.9% in 2007 from $461.0 million in 2006. The company expects the secular decline of core maintenance to continue.

Services gross profit was 18.1% in 2008, 17.4% in 2007 and 15.1% in 2006. Services operating income (loss) percent was 3.0% in 2008 compared with 2.5% in 2007 and (0.5)% in 2006. Services margins in 2008 reflect a decline in pension expense in gross profit of $64.7 million (income of $37.5 million in 2008 compared with expense of $27.2 million in 2007) and a decline in pension expense in operating income of $76.4 million (income of $41.2 million in 2008 compared with expense of $35.2 million in 2007). The improvement in the Services margins in 2007 compared with 2006 was principally due to the benefits derived from the cost-reduction actions as well as a decline in pension expense in gross profit of $70.6 million ($27.2 million in 2007 compared with $97.8 million in 2006) and a decline in pension expense in operating income of $85.9 million ($35.2 million in 2007 compared with $121.1 million in 2006).

In the Technology segment, customer revenue was $629.6 million in 2008, $805.8 million in 2007 and $840.0 million in 2006. Foreign currency translation had about a 1-percentage-point positive impact on Technology revenue in 2008 compared with 2007. The decline in Technology revenue in 2008 reflects the NUL revenue decline beginning in April 2008 due to expiration of the royalty fee, discussed above. The company had recognized revenue of $18.8 million per quarter ($8.5 million in enterprise-class servers and $10.3 million in specialized technologies) under this royalty agreement over the three–year period ended March 31, 2008. The expiration of this royalty from NUL contributed about 7 percentage points, or approximately $56 million, of the technology segment's 22% decline in revenue. The company expects that future technology revenue will reflect the continuing secular decline in enterprise servers.

Revenue for the company's enterprise-class servers, which includes the company's ClearPath and ES7000 product families, declined 20.3% from $647.3 million in 2007 to $515.8 million in 2008; it decreased 3.2% in 2007 from $668.6 million in 2006. The decline in 2008 compared with 2007 was principally due to the secular decline in enterprise-class servers and the expiration of the NUL royalty, described above.

Revenue from specialized technologies, which includes third-party technology products, the company's payment systems products and royalties from the company's agreement with NUL, decreased 28.2% from $158.5 million in 2007 to $113.8 million in 2008; it decreased 7.5% in 2007 from $171.4 million in 2006. The 2008 decline was principally due to the ending of the NUL royalties, discussed above.

Technology gross profit was 43.5% in 2008, 47.0% in 2007 and 44.2% in 2006. Technology operating income percent was 4.1% in 2008 compared with 8.3% in 2007 and 1.7% in 2006. The decline in operating profit margin in 2008 compared with 2007 primarily reflects the NUL revenue decline, discussed above, as well as the continuing secular decline in enterprise servers. The improvement in the Technology margins in 2007 compared with 2006 was principally due to a higher mix of high margin software revenue in 2007 compared with 2006 as well as a decline in pension expense included in gross profit of $1.9 million ($.4 million income in 2007 compared with $1.5 million of expense in 2006) and a decline in pension expense included in operating income of $14.6 million ($.2 million income in 2007 compared with $14.4 million of expense in 2006).

New accounting pronouncements

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

Financial condition

The company's principal sources of liquidity are cash on hand, cash from operations and its U.S. trade accounts receivable facility, which is discussed below. The company's anticipated future cash expenditures are discussed below and include anticipated contributions to its defined benefit pension plans and payments in respect of cost-reduction actions. The company also has a revolving credit facility, which expires in May 2009 that provides for loans and letters of credit up to an aggregate of $275 million. Given the global economic slowdown and resultant tight credit markets, the company does not expect to renew or replace its existing revolving credit facility before its expiration on May 31, 2009. In addition, the company's ability to refinance or exchange its $300 million senior notes due in March 2010 could be affected by the adverse credit market conditions. The volatility and disruption in financial markets could also impact the company's ability to utilize surety bonds, letters of credit, foreign exchange derivatives and other financial instruments the company uses to conduct its business. In addition to the actions discussed above to reduce its cost structure, the company will continue to focus on working capital management and to tightly manage capital expenditures. Given these actions and its cash on hand at December 31, 2008, the company believes that it will have adequate sources of liquidity to meet its expected 2009 cash requirements.

Cash and cash equivalents at December 31, 2008 were $544.0 million compared with $830.2 million at December 31, 2007. Cash and cash equivalents at December 31, 2007 included $204 million of proceeds from a debt issuance in December 2007 used to refinance other debt in January 2008, discussed below.

During 2008, cash provided by operations was $254.6 million compared with $173.1 million in 2007. Cash expenditures related to current-year and prior-year restructuring actions (which are included in operating activities) in 2008 and 2007 were $60.4 million and $151.7 million, respectively. Cash expenditures for the current-year and prior-year restructuring actions are expected to be approximately $68 million in 2009. In 2007, the company received a tax refund of approximately $57 million from the Netherlands related to a settlement of an income tax audit. At December 31, 2008 and December 31, 2007, receivables of $141 million and $140 million, respectively, were sold under the company's U.S. securitization.

Cash used for investing activities in 2008 was $283.0 million compared with cash used of $290.7 million in 2007. Proceeds from investments and purchases of investments reflect the cash flows from derivative financial instruments used to manage the company's currency exposure to market risks from changes in foreign currency exchange rates. In 2008, net proceeds of investments were $17.9 million compared with net purchases of $9.8 million in 2007. In addition in 2008, the investment in marketable software was $84.5 million compared with $94.0 million in 2007, capital additions of properties were $76.9 million in 2008 compared with $77.5 million in 2007 and capital additions of outsourcing assets were $133.1 million in 2008 compared with $137.5 million in 2007. During 2007, the company financed the acquisition of $22.6 million of internal-use software licenses and $6.8 million of outsourcing assets. The company has announced its plans to significantly reduce capital expenditures from $294.5 million in 2008 to approximately $200 million to $250 million in 2009.

Cash used for financing activities during 2008 was $200.9 million compared with cash provided of $209.6 million in 2007. The prior-year period includes $204.2 million net proceeds from the December 2007 issuance of $210 million of 12 1/2% senior notes due 2016. Using the proceeds from such notes, on January 11, 2008, the company redeemed, at par, all $200 million of its 7 7/8% senior notes due April 1, 2008. The prior-year period includes $12.3 million of cash received due to the exercise of stock options compared with zero received in 2008. The prior-year period also includes a cash expenditure of $5.8 million for dividends paid to minority shareholders.

At December 31, 2008, total debt was $1.1 billion, a decrease of $202.1 million from December 31, 2007, due to the debt refinancing described above.

The company's revolving credit facility, which expires in May 2009 provides for loans and letters of credit up to an aggregate of $275 million. As of December 31, 2008, there were letters of credit of $62.1 million issued under the facility and there were no cash borrowings. The credit facility is secured by the company's assets, except that the collateral does not include accounts receivable that are subject to the receivables facility, U.S. real estate or the stock or indebtedness of the company's U.S. operating subsidiaries. Under the terms of the maturing facility, the company expects to be required to cash collateralize the letters of credit outstanding under the facility as at March 2, 2009. Borrowings under the facility bear interest based on short-term rates and the company's credit rating. The credit agreement contains customary representations and warranties, including no material adverse change in the company's business, results of operations or financial condition. It also contains financial covenants requiring the company to maintain certain interest coverage, leverage and asset coverage ratios and a minimum amount of liquidity, which could reduce the amount the company is able to borrow. The credit facility also includes covenants limiting liens, mergers, asset sales, dividends and the incurrence of debt. Events of default include nonpayment, failure to perform covenants, materially incorrect representations and warranties, change of control and default under other debt aggregating at least $25 million. If an event of default were to occur under the credit agreement, the lenders would be entitled to declare all amounts borrowed under it immediately due and payable. The occurrence of an event of default under the credit agreement could also cause the acceleration of obligations under certain other agreements and the termination of the company's U.S. trade accounts receivable facility, discussed below.

In addition, the company and certain international subsidiaries have access to uncommitted lines of credit from various banks.

On May 16, 2008, the company entered into a new three-year, U.S. trade accounts receivable facility. Under this facility, the company has agreed to sell, on an ongoing basis, through Unisys Funding Corporation I, a wholly owned subsidiary, up to $150 million of interests in eligible U.S. trade accounts receivable. The facility replaced the company's U.S. trade accounts receivable facility that was scheduled to terminate on May 28, 2008. Under the new facility, receivables are sold at a discount that reflects, among other things, a yield based on LIBOR subject to a minimum rate. The new facility includes customary representations and warranties, including no material adverse change in the company's business, assets, liabilities, operations or financial condition. It also requires the company to maintain a minimum fixed charge coverage ratio and requires the maintenance of certain ratios related to the sold receivables. The facility will be subject to early termination if, as of February 28, 2010, the company's 6.875% Senior Notes due 2010 have not been refinanced or extended to a date later than May 16, 2011. Other termination events include failure to perform covenants, materially incorrect representations and warranties, change of control and default under debt aggregating at least $25 million. The average life of the receivables sold is about 54 days. At December 31, 2008 and December 31, 2007, the company had sold $141 million and $140 million, respectively, of eligible receivables.

At December 31, 2008, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions.

As described more fully in Notes 3, 10 and 13 of the Notes to Consolidated Financial Statements, at December 31, 2008, the company had certain cash obligations, which are due as follows:

(millions of dollars)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$1,062.1	$.5	$301.0	$400.6	$360.0
Internal-use software financing	10.3	8.3	2.0	–	–
Interest payments on long-term debt	445.0	91.6	152.3	110.0	91.1
Capital lease obligations	1.1	1.0	.1	–	–
Operating leases	453.3	100.4	141.5	87.0	124.4
Minimum purchase obligations	38.3	8.7	15.8	13.8	–
Work-force reductions	52.3	52.3	–	–	–
Total	$2,062.4	$262.8	$612.7	$611.4	$575.5

As described in Note 17 of the Notes to Consolidated Financial Statements, the company expects to make cash contributions of approximately $90 million to its worldwide defined benefit pension plans, principally international plans, in 2009. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to make cash contributions to its U.S. qualified defined benefit pension plan in 2009. Under current U.S. Pension Protection Act (PPA) rules, the company believes the cash contribution it would be required to make in 2010 to its U.S. qualified defined benefit pension plan would be approximately $90 million. This amount could be less if the markets have a significant rally in 2009 or if Congress makes legislative changes to the PPA.

At December 31, 2008, the company had outstanding standby letters of credit and surety bonds of approximately $265 million related to performance and payment guarantees. On the basis of experience with these arrangements, the company believes that any obligations that may arise will not be material.

The company may, from time to time, redeem, tender for, or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions and other factors. The company has on file with the Securities and Exchange Commission an effective registration statement covering $440 million of debt or equity securities, which expires in May 2009 and enables the company to be prepared for future market opportunities. In November 2008, the company filed a registration statement for an additional $660 million of securities. This registration statement is not yet effective.

Stockholders' equity decreased $1.82 billion during 2008, principally reflecting a decline of $1.63 billion in the funded status of the company's defined benefit plans, a net loss of $130.1 million, and $106.2 million of currency translation losses, offset in part by $42.8 million from share-based plans.

Market risk

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

The company is also exposed to foreign currency exchange rate risks. The company is a net receiver of currencies other than the U.S. dollar and, as such, can benefit from a weaker dollar, and can be adversely affected by a stronger dollar relative to major currencies worldwide. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, may adversely affect consolidated revenue and operating margins as expressed in U.S. dollars. To minimize currency exposure gains and losses, the company enters into forward exchange contracts and has natural hedges by purchasing components and incurring expenses in local currencies. The company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign currency exchange rates. The derivative instruments used are foreign exchange forward contracts and foreign exchange options. See Note 14 of the Notes to Consolidated Financial Statements for additional information on the company's derivative financial instruments.

The company has performed a sensitivity analysis assuming a hypothetical 10% adverse movement in foreign currency exchange rates applied to these derivative financial instruments described above. As of December 31, 2008 and 2007, the analysis indicated that such market movements would have reduced the estimated fair value of these derivative financial instruments by approximately $3 million and $50 million, respectively. The decline in the estimated fair value of these derivative financial instruments reflects the fact that in the fourth quarter of 2008 the company capitalized certain intercompany balances for foreign subsidiaries which reduced the need for these derivatives. Based on changes in the timing and amount of interest rate and foreign currency exchange rate movements and the company's actual exposures and hedges, actual gains and losses in the future may differ from the above analysis.

Critical accounting policies

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

Outsourcing

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

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

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

Recoverability of outsourcing assets is subject to various business risks, including the timely completion and ultimate cost of the outsourcing solution, and realization of expected profitability of existing outsourcing contracts. The company quarterly compares the carrying value of the outsourcing assets with the undiscounted future cash flows expected to be generated by the outsourcing assets to determine if there is an impairment. If impaired, the outsourcing assets are reduced to an estimated fair value on a discounted cash flow approach. The company prepares its cash flow estimates based on assumptions that it believes to be reasonable but are also inherently uncertain. Actual future cash flows could differ from these estimates. At December 31, 2008 and 2007, the net capitalized amount related to outsourcing contracts was $314.9 million and $409.4 million, respectively.

Revenue recognition

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

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

Income Taxes

The company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. SFAS No. 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or the entire deferred tax asset will not be realized. In 2005, the company recorded a noncash charge of $1.6 billion to increase the valuation allowance against deferred taxes.

At December 31, 2008 and 2007, the company had deferred tax assets in excess of deferred tax liabilities of $2,672 million and $2,042 million, respectively. For the reasons cited below, at December 31, 2008 and 2007, management determined that it is more likely than not that $85 million and $75 million, respectively, of such assets will be realized, resulting in a valuation allowance of $2,587 million and $1,967 million, respectively.

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

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

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

Effective January 1, 2007, the company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The company maintains reserves for estimated tax exposures including penalties and interest. Income tax exposures include potential challenges of research and development credits and intercompany pricing. Exposures are settled primarily through the settlement of audits within these tax jurisdictions, but can also be affected by changes in applicable tax law or other factors, which could cause management of the company to believe a revision of past estimates is appropriate. Management believes that an appropriate liability has been established for estimated exposures; however, actual results may differ materially from these estimates. The liabilities are reviewed quarterly for their adequacy and appropriateness (see Note 7 of the Notes to Consolidated Financial Statements).

Pensions

The company accounts for its defined benefit pension plans in accordance with SFAS No. 87, "Employers' Accounting for Pensions," and SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)," which require that amounts recognized in financial statements be determined on an actuarial basis. The measurement of the company's pension obligations, costs and liabilities is dependent on a variety of assumptions selected by the company and used by the company's actuaries. These assumptions include estimates of the present value of projected future pension payments to plan participants, taking into consideration the likelihood of potential future events such as salary increases and demographic experience. The assumptions used in developing the required estimates include the following key factors: discount rates, salary growth, retirement rates, inflation, expected return on plan assets and mortality rates.

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

A significant element in determining the company's pension income (expense) is the expected long-term rate of return on plan assets. The company sets the expected long-term rate of return based on the expected long-term return of the various asset categories in which it invests. The company considers the current expectations for future returns and the actual historical returns of each asset class. Also, because the company's investment policy is to actively manage certain asset classes where the potential exists to outperform the broader market, the expected returns for those asset classes are adjusted to reflect the expected additional returns. For 2009 and 2008, the company has assumed that the expected long-term rate of return on U.S. plan assets will be 8.75%. A change of 25 basis points in the expected long-term rate of return for the company's U.S. pension plan causes a change of approximately $11 million in pension expense. The assumed long-term rate of return on assets is applied to a calculated value of plan assets, which recognizes changes in the fair value of plan assets in a systematic manner over four years. This produces the expected return on plan assets that is included in pension income (expense). The difference between this expected return and the actual return on plan assets is deferred. The net deferral of past asset gains (losses) affects the calculated value of plan assets and, ultimately, future pension income (expense). At December 31, 2008, for the company's U.S. qualified defined benefit pension plan, the calculated value of plan assets was $4.58 billion and the fair value was $3.30 billion.

At the end of each year, the company determines the discount rate to be used to calculate the present value of plan liabilities. The discount rate is an estimate of the current interest rate at which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, the company looks to rates of return on high-quality, fixed-income investments that (a) receive one of the two highest ratings given by a recognized ratings agency and (b) are currently available and expected to be available during the period to maturity of the pension benefits. At December 31, 2008, the company determined this rate to be 6.75% for its U.S. defined benefit pension plans, an increase of 37 basis points from the rate used at December 31, 2007. A change of 25 basis points in the U.S. discount rate causes a change in pension expense of approximately $11 million and a change of approximately $111 million in the benefit obligation. The net effect of changes in the discount rate, as well as the net effect of other changes in actuarial assumptions and experience, has been deferred, as permitted.

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

As a minimum, amortization of an unrecognized net gain or loss must be included as a component of net pension cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the greater of the projected benefit obligation or the calculated value of plan assets. If amortization is required, the minimum amortization is that excess above the 10 percent divided by the average remaining service period of active employees expected to receive benefits under the plan. For the company's U.S. defined benefit pension plan, that period is approximately 8.2 years. At December 31, 2008, based on the calculated value of plan assets, the estimated unrecognized loss was $1.11 billion.

For the year ended December 31, 2008, the company recognized consolidated pretax pension income of $51.3 million, compared with pretax pension expense of $35.0 million of consolidated pretax pension expense for the year ended December 31, 2007. The decrease in pension expense in 2008 from 2007 was principally due to increases in discount rates and higher return on plan assets in prior years. See Note 17 of the Notes to Consolidated Financial Statements.

For 2009, the company expects to recognize pension income of approximately $11 million comprising $12 million of income in the U.S. and $1 million of expense in international plans. This would represent a decrease in pension income of approximately $40 million from 2008.

During 2008, the company made cash contributions to its worldwide defined benefit pension plans (principally international plans) of approximately $78 million and expects to make cash contributions of approximately $90 million during 2009. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to make cash contributions to its U.S. qualified defined benefit pension plan in 2009. However, under current U.S. Pension Protection Act (PPA) rules, the company believes the cash contribution it would be required to make in 2010 to its U.S. qualified defined benefit pension plan would be approximately $90 million. This amount could be less if the markets have a significant rally in 2009 or if Congress makes legislative changes to the PPA.

Restructuring

In each of the last three years, the company engaged in actions associated with cost reduction initiatives which are accounted for under SFAS No. 112, "Employers' Accounting for Postemployment Benefits," SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," and SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." The company's cost-reduction actions require significant estimates including (a) expenses for severance and other employee separation costs, (b) remaining lease obligations, including sublease income, and (c) other exit costs. The company has accrued amounts that it believes are its best estimates of the obligations it expects to incur in connection with these actions, but these estimates are subject to change due to market conditions and final negotiations. Should the actual amounts differ from the estimated amounts, the charges could be materially impacted. In 2008, 2007 and 2006, the company recognized $550.0 million in cost reduction charges, which are discussed in more detail in Note 3 of the Notes to Consolidated Financial Statements.

Factors that may affect future results

From time to time, the company provides information containing "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events and include any statement that does not directly relate to any historical or current fact. Words such as "anticipates," "believes," "expects," "intends," "plans," "projects" and similar expressions may identify such forward-looking statements. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company's actual results to differ materially from expectations. Factors that could affect future results include, but are not limited to, those discussed below. Any forward-looking statement speaks only as of the date on which that statement is made. The company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

Factors that could affect future results include the following:

The company's business is affected by the economic and business environment. The company's 2008 financial results were impacted by a global economic slowdown in the second half of the year. The company saw this slowdown particularly in its financial services business but also in other key commercial industries, as clients reacted to economic uncertainties by reducing IT spending. Decreased demand for the company's services and products impacted its revenue and profit margins for the year. If current economic conditions continue or worsen, including if the company's customers are unable to obtain financing to purchase the company's services and products due to tight credit conditions, the company could see further reductions in demand and increased pressure on revenue and profit margins. The company could also see a further consolidation of firms in the financial services industry, which could also result in a decrease in demand. In addition, during the recent period of disruption in the financial markets, the market price for the company's common shares has declined substantially. The company's business could also be affected by acts of war, terrorism or natural disasters. Current world tensions could escalate, and this could have unpredictable consequences on the world economy and on the company's business.

The company's future results may depend on its ability to access external credit markets. The capital and credit markets have been experiencing extreme volatility and disruption during the past year. In addition, the commercial lending market has contracted, with limited new loan originations or refinancings taking place. Based on the current lending environment, the company expects to have difficulty accessing significant additional capital in the credit markets on acceptable terms. Given tight credit markets, along with the company's credit rating, the company does not expect to renew or replace its existing revolving credit facility before its expiration on May 31, 2009. Under the terms of the maturing facility the company expects to be required to cash collateralize the letters of credit outstanding under the facility as of March 2, 2009. Also, the company's ability to refinance or exchange its $300 million senior notes due in March 2010 could be affected by the adverse credit market conditions. The turmoil and volatility in financial markets may also impact the company's ability to utilize surety bonds, letters of credit, foreign exchange derivatives and other financial instruments the company uses to conduct its business. Although the company intends to use cash on hand to address its 2009 liquidity needs, its ability to do so assumes that its operations will continue to generate sufficient cash and that its cash requirements will not materially exceed current estimates.

The company has significant pension obligations. The company has unfunded obligations under its domestic and international defined benefit pension plans. The company expects to make cash contributions of approximately $90 million to its worldwide, primarily international, defined benefit pension plans in 2009. Although the company is not required to make cash contributions to its U.S. qualified defined benefit pension plan in 2009 under current Pension Protection Act rules, the company believes the cash contribution it would be required to make to this plan in 2010 is approximately $90 million. A further deterioration in the value of the company's worldwide defined benefit pension plan assets could require the company to make larger cash contributions to its defined benefit pension plans in the future, which would reduce the cash available for working capital and other corporate uses and may have an adverse impact on the company's operations, financial condition and liquidity.

The company's future results will depend on the success of its turnaround program. Over the past several years, the company has implemented and is continuing to implement, significant cost-reduction measures intended to achieve profitability. The company has incurred significant cost reduction charges in connection with these efforts. If the cost reduction actions are not fully completed or are not completed in a timely manner, the company may not realize their full potential benefits. The expected amount of anticipated cost savings from these actions is also subject to currency exchange rate fluctuations with regard to actions taken outside the United States. Future results will also depend in part on the success of the company's program to focus its global resources and simplify its business structure. This program is based on various assumptions, including assumptions regarding market segment growth, client demand, and the proper skill set of and training for sales and marketing management and personnel, all of which are subject to change. Furthermore, the company's institutional stockholders may attempt to influence these strategies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the company does not meet New York Stock Exchange listing requirements, its common stock may be delisted. The company's common stock is listed on the New York Stock Exchange (NYSE) and is subject to various NYSE listing requirements. The company was notified in writing by the NYSE on December 4, 2008 that it was below the NYSE's criteria for continued listing because the average per share closing price of the common stock over a consecutive 30-trading-day period was less than $1.00. On December 12, 2008, the company notified the NYSE of its intent to take actions to cure the deficiency, including a plan to pursue a reverse stock split. If the company fails to complete the reverse stock split or otherwise fails to meet the NYSE listing requirements, the NYSE may suspend trading in the company's common stock or delist it from the NYSE. A delisting could negatively impact the company by reducing the liquidity and market price of the common stock and reducing the number of investors willing to hold or acquire it, which could negatively affect the company's ability to raise equity financing.

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

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

Pending litigation could affect the company’s results of operations or cash flow. There are various lawsuits, claims, investigations and proceedings that have been brought or asserted against the company, which arise in the ordinary course of business, including actions with respect to commercial and government contracts, labor and employment, employee benefits, environmental matters and intellectual property. See Note 15 of the Notes to Consolidated Financial Statements for more information on litigation. The company believes that it has valid defenses with respect to legal matters pending against it. Litigation is inherently unpredictable, however, and it is possible that the company’s results of operations or cash flow could be affected in any particular period by the resolution of one or more of the legal matters pending against it.

Unisys Corporation

Consolidated Financial Statements

Consolidated Statements of Income

Year ended December 31 (millions, except per share data)	**2008**	2007	2006
Revenue			
Services	**$4,603.6**	$4,846.7	$4,917.2
Technology	**629.6**	805.8	840.0
	5,233.2	5,652.5	5,757.2
Costs and expenses			
Cost of revenue:			
Services	**3,765.9**	3,989.3	4,317.1
Technology	**340.6**	376.2	430.5
	4,106.5	4,365.5	4,747.6
Selling, general and administrative expenses	**957.0**	1,022.1	1,104.7
Research and development expenses	**129.0**	179.0	231.7
	5,192.5	5,566.6	6,084.0
Operating profit (loss)	**40.7**	85.9	(326.8)
Interest expense	**85.1**	76.3	77.2
Other income (expense), net	**(32.6)**	(6.1)	153.1
Income (loss) before income taxes	**(77.0)**	3.5	(250.9)
Provision for income taxes	**53.1**	82.6	27.8
Net loss	**$(130.1)**	$(79.1)	$(278.7)
Loss per share			
Basic	**$(.36)**	$(.23)	$(.81)
Diluted	**$(.36)**	$(.23)	$(.81)

See notes to consolidated financial statements.

Unisys Corporation

Consolidated Balance Sheets

December 31 (millions)	**2008**	2007
Assets		
Current assets		
Cash and cash equivalents	**$544.0**	$830.2
Accounts and notes receivable, net	**818.5**	1,059.2
Inventories:		
Parts and finished equipment	**64.7**	91.9
Work in process and materials	**70.7**	79.2
Deferred income taxes	**23.8**	18.0
Prepaid expenses and other current assets	**116.7**	133.7
Total	**1,638.4**	2,212.2
Properties	**1,416.0**	1,336.9
Less – Accumulated depreciation and amortization	**1,139.5**	1,004.7
Properties, net	**276.5**	332.2
Outsourcing assets, net	**314.9**	409.4
Marketable software, net	**202.0**	268.8
Prepaid postretirement assets	**20.7**	497.0
Deferred income taxes	**87.6**	93.8
Goodwill	**189.4**	200.6
Other long-term assets	**94.6**	123.1
Total	**$2,824.1**	$4,137.1

Liabilities and stockholders' equity (deficit)		
Current liabilities		
Notes payable	**$-**	$.1
Current maturities of long-term debt	**1.5**	204.3
Accounts payable	**379.2**	419.6
Other accrued liabilities	**1,045.7**	1,272.0
Total	**1,426.4**	1,896.0
Long-term debt	**1,059.1**	1,058.3
Long-term postretirement liabilities	**1,497.0**	420.7
Other long-term liabilities	**295.9**	395.5
Commitments and contingencies		
Stockholders' equity (deficit)		
Common stock, par value $.01 per share (720.0 million shares authorized; 372.1 million shares and 356.1 million shares issued)	**3.7**	3.6
Accumulated deficit	**(2,596.0)**	(2,465.9)
Other capital	**4,054.5**	4,011.8
Accumulated other comprehensive loss	**(2,916.5)**	(1,182.9)
Stockholders' equity (deficit)	**(1,454.3)**	366.6
Total	**$2,824.1**	$4,137.1

See notes to consolidated financial statements.

Unisys Corporation

Consolidated Statements of Cash Flows

Year ended December 31 (millions, except per share data)	**2008**	2007	2006
Cash flows from operating activities			
Net loss	**$(130.1)**	$(79.1)	$(278.7)
Add (deduct) items to reconcile net loss to net cash provided by operating activities:			
Equity loss	**–**	–	4.5
Company stock issued for U.S. 401(k) plan	**41.8**	47.4	18.3
Employee stock compensation	**1.1**	7.7	6.7
Depreciation and amortization of properties	**105.7**	115.1	120.5
Depreciation and amortization of outsourcing assets	**162.6**	143.8	135.1
Amortization of marketable software	**149.7**	121.6	132.9
Disposal of capital assets	**12.9**	14.2	4.9
Gain on sale of assets	**–**	(24.7)	(153.2)
(Increase) decrease in deferred income taxes, net	**(9.9)**	82.7	(66.5)
Decrease in receivables, net	**186.7**	176.2	14.2
Decrease in inventories	**27.2**	10.7	19.4
(Increase) decrease in other assets	**(119.7)**	(32.2)	52.8
(Decrease) increase in accounts payable and other accrued liabilities	**(110.9)**	(298.9)	74.1
Decrease in other liabilities	**(66.7)**	(103.3)	(68.8)
Other	**4.2**	(8.1)	12.5
Net cash provided by operating activities	**254.6**	173.1	28.7
Cash flows from investing activities			
Proceeds from investments	**6,208.2**	7,718.5	7,522.0
Purchases of investments	**(6,190.3)**	(7,728.3)	(7,535.9)
Investment in marketable software	**(84.5)**	(94.0)	(105.4)
Capital additions of properties	**(76.9)**	(77.5)	(70.1)
Capital additions of outsourcing assets	**(133.1)**	(137.5)	(81.0)
Proceeds from sales of assets	**–**	29.3	380.6
Purchases of businesses	**(6.4)**	(1.2)	(1.1)
Net cash (used for) provided by investing activities	**(283.0)**	(290.7)	109.1
Cash flows from financing activities			
Net reduction in short-term borrowings	**(.1)**	(1.1)	(17.0)
Payments of long-term debt	**(200.0)**	–	(57.9)
Financing fees	**(.8)**	–	(4.6)
Proceeds from exercise of stock options	**–**	12.3	1.6
Dividends paid to minority shareholders	**–**	(5.8)	–
Proceeds from issuance of long-term debt	**–**	204.2	–
Net cash (used for) provided by financing activities	**(200.9)**	209.6	(77.9)
Effect of exchange rate changes on cash and cash equivalents	**(56.9)**	18.9	16.9
(Decrease) increase in cash and cash equivalents	**(286.2)**	110.9	76.8
Cash and cash equivalents, beginning of year	**830.2**	719.3	642.5
Cash and cash equivalents, end of year	**$544.0**	$830.2	$719.3

See notes to consolidated financial statements.

Unisys Corporation

Consolidated Statements of Stockholders’ Equity (Deficit)

(millions)	Common Stock Shares	Common Stock Par Value	Accumulated Deficit	Treasury Stock Shares	Treasury Stock Cost	Paid-In Capital	Accumulated Other Comprehensive Loss	Comprehensive Income (Loss)
Balance at December 31, 2005	344.2	$3.4	$(2,108.1)	(2.0)	$(43.2)	$3,960.2	$(1,844.9)	
Stock-based compensation	3.3	.1		(.1)	(.4)	28.5		
Net loss			(278.7)					$(278.7)
Other comprehensive income:								
Translation adjustments							(5.8)	
Cash flow hedges							(.1)	
Postretirement plans							1,544.6	
							1,538.7	1,538.7
Comprehensive income								$1,260.0
Adoption of SFAS No. 158, net of tax							(1,319.8)	
Balance at December 31, 2006	347.5	3.5	(2,386.8)	(2.1)	(43.6)	3,988.7	(1,626.0)	
Stock-based compensation	8.6	.1		(.1)	(.9)	67.6		
Net loss			(79.1)					$(79.1)
Other comprehensive income:								
Translation adjustments							37.8	
Postretirement plans							405.3	
							443.1	443.1
Comprehensive income								$364.0
Balance at December 31, 2007	356.1	3.6	(2,465.9)	(2.2)	(44.5)	4,056.3	(1,182.9)	
Stock-based compensation	16.0	.1			(.3)	43.0		
Net loss			(130.1)					$(130.1)
Other comprehensive loss:								
Translation adjustments							(106.2)	
Postretirement plans							(1,627.4)	
							(1,733.6)	(1,733.6)
Comprehensive loss								$(1,863.7)
Balance at December 31, 2008	372.1	$3.7	$(2,596.0)	(2.2)	$(44.8)	$4,099.3	$(2,916.5)	

See notes to consolidated financial statements.

Unisys Corporation

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies

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

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

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

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

Advertising costs All advertising costs are expensed as incurred. The amount charged to expense during 2008, 2007 and 2006 was $5.9 million, $10.2 million and $8.5 million, respectively.

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

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

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

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

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

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

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

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

Income taxes Income taxes are based on income before taxes for financial reporting purposes and reflect a current tax liability for the estimated taxes payable in the current-year tax return and changes in deferred taxes. Deferred tax assets or liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax laws and rates. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the asset will not be realized.

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

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

Internal-use software In accordance with SOP 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use,” the company capitalizes certain internal and external costs incurred to acquire or create internal-use software, principally related to software coding, designing system interfaces, and installation and testing of the software. These costs are amortized in accordance with the fixed asset policy described above.

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

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

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

Stock-based compensation plans Stock-based compensation represents the cost related to stock-based awards granted to employees and directors. The company recognizes compensation expense for the fair value of stock options, which have graded vesting, on a straight-line basis over the requisite service period. The company estimates the fair value of stock options using a Black-Scholes valuation model. The expense is recorded in selling, general and administrative expenses. The company's stock-based compensation plans are described more fully in Note 17.

Retirement benefits The company accounts for its defined benefit pension plans in accordance with SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)," and SFAS No. 87, "Employers' Accounting for Pensions," which requires that amounts recognized in financial statements be determined on an actuarial basis. A significant element in determining the company's pension income (expense) is the expected long-term rate of return on plan assets. This expected return is an assumption as to the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected pension benefit obligation. The company applies this assumed long-term rate of return to a calculated value of plan assets, which recognizes changes in the fair value of plan assets in a systematic manner over four years. This produces the expected return on plan assets that is included in pension income (expense). The difference between this expected return and the actual return on plan assets is deferred. The net deferral of past asset gains (losses) affects the calculated value of plan assets and, ultimately, future pension income (expense).

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

2. Earnings per share

The following table shows how the loss per share was computed for the three years ended December 31, 2008.

Year ended December 31 (millions, except per share data)	**2008**	2007	2006
Basic loss per share computation			
Net loss	**$(130.1)**	$(79.1)	$(278.7)
Weighted average shares (thousands)	**359,777**	349,661	343,747
Basic loss per share	**$(.36)**	$(.23)	$(.81)
Diluted loss per share computation			
Net loss	**$(130.1)**	$(79.1)	$(278.7)
Weighted average shares (thousands)	**359,777**	349,661	343,747
Plus incremental shares from assumed conversions of employee stock plans	**—**	—	—
Adjusted weighted average shares	**359,777**	349,661	343,747
Diluted loss per share	**$(.36)**	$(.23)	$(.81)

The following employee stock options were antidilutive and therefore excluded from the computation of diluted earnings per share (in thousands): 2008, 34,141; 2007, 37,452; 2006, 43,190.

3. Cost-reduction charges

In October 2005, the company announced a plan to reduce its cost structure. During 2006, the company committed to a reduction of 5,665 employees. This resulted in pretax charges in 2006 of $330.1 million, principally related to severance costs, and was comprised of: (a) a charge of $72.4 million for 2,250 employees in the U.S. and (b) a charge of $257.7 million for 3,415 employees outside the U.S. The pretax charges were recorded in the following statement of income classifications: cost of revenue – services, $216.9 million; cost of revenue – technology, $2.0 million; selling, general and administrative expenses, $84.6 million; research and development expenses, $29.4 million; and other income (expense), net, $2.8 million. The income recorded in other income (expense), net relates to minority shareholders' portion of the charge related to majority-owned subsidiaries which are fully consolidated by the company.

During 2007, the company consolidated facility space and committed to an additional reduction of 1,737 employees. This resulted in pretax charges of $116.8 million. The charges related to work-force reductions were $62.3 million broken down as follows: (a) 1,031 employees in the U.S. for a charge of $29.9 million and (b) 706 employees outside the U.S. for a charge of $32.4 million. The facility charge of $40.6 million relates to 46 leased properties that the company ceased using. The charge represents the fair value of the liability at the cease-use date and was determined based on the remaining lease rental payments, reduced by estimated sublease rentals that could be reasonably obtained for the property. In addition, the company recorded pretax charges of $13.9 million, related to asset impairments and leasehold improvement write-offs, lease guarantees, as well as other expenses related to the cost reduction efforts. The pretax charges of $116.8 million were recorded in the following statement of income classifications: cost of revenue – services, $31.8 million; cost of revenue – technology, $3.9 million; selling, general and administrative expenses, $62.0 million; research and development expenses, $20.6 million; and other income (expense), net, $1.5 million.

During 2008, the company consolidated facility space and committed to an additional reduction of 1,304 employees. This resulted in pretax charges of $103.1 million. The charges related to work-force reductions were $42.6 million broken down as follows: (a) 866 employees in the U.S. for a charge of $20.2 million and (b) 438 employees outside the U.S. for a charge of $22.4 million. The facility charge of $20.4 million relates to 15 leased properties that the company ceased using. In addition, the company recorded pretax charges of $40.1 million, related to marketable software asset write downs of $31.0 million related to portfolio exits and lease guarantees of $9.1 million. The pretax charges of $103.1 million were recorded in the following statement of income classifications: cost of revenue – services, $36.1 million; cost of revenue – technology, $14.3 million; selling, general and administrative expenses, $49.0 million; and research and development expenses, $3.7 million.

A further breakdown of the individual components of these costs follows (in millions of dollars):

			Work-Force Reductions		
(in millions of dollars)	Headcount	Total	U.S.	Int'l.	Idle Lease Cost
Balance at December 31, 2006	757	$142.6	$26.1	$116.5	
Additional provisions	1,737	102.9	29.9	32.4	$40.6
Minority interest		1.5	-	1.3	.2
Utilized	(1,623)	(143.0)	(41.2)	(99.7)	(2.1)
Changes in estimates and revisions	(144)	(16.3)	6.3	(23.4)	.8
Translation adjustments		4.3	-	4.0	.3
Balance at December 31, 2007	727	92.0	21.1	31.1	39.8
Additional provisions	1,304	63.0	20.2	22.4	20.4
Utilized	(1,201)	(57.9)	(17.6)	(25.8)	(14.5)
Changes in estimates and revisions	(43)	4.9	1.4	(.1)	3.6
Translation adjustments		(6.2)	-	(.4)	(5.8)
Balance at December 31, 2008	787	$95.8	$25.1	$27.2	$43.5
Expected future utilization:					
2009	787	$68.3	$25.1	$27.2	$16.0
Beyond 2009		27.5	-	-	27.5

4. Goodwill

The company accounts for goodwill and other intangible assets in accordance with SFAS No. 142, “Goodwill and Other Intangible Assets.” These assets are reviewed annually for impairment in accordance with this statement. SFAS No. 142 requires a company to perform an impairment test on an annual basis and whenever events or circumstances occur indicating that goodwill may be impaired. The company performed its annual impairment test at the beginning of the fourth quarter of 2008. Due to the current economic conditions, as well as the significant decline in the company’s common stock price during the fourth quarter, the company updated its impairment test to year end considering valuations of components of the company’s business. The result of these procedures indicated that goodwill was not impaired.

Changes in the carrying amount of goodwill by segment for the years ended December 31, 2008 and 2007 were as follows:

(millions)	Total	Services	Technology
Balance at December 31, 2006	$193.9	$82.0	$111.9
Foreign currency translation adjustments	6.7	6.9	(.2)
Balance at December 31, 2007	200.6	88.9	111.7
Foreign currency translation adjustments	(11.2)	(9.0)	(2.2)
Balance at December 31, 2008	$189.4	$79.9	$109.5

5. Recent accounting pronouncements and accounting changes

Effective January 1, 2008, the company adopted Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, SFAS No. 157 does not require any new fair value measurements. In February 2008, the FASB deferred the effective date for one year for certain nonfinancial assets and nonfinancial liabilities. Adoption of SFAS No. 157 did not have an impact on the company’s consolidated results of operations and financial position.

Effective January 1, 2008, the company adopted Statement of Financial Accounting Standards No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (SFAS No. 159). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reportable in earnings. Adoption of SFAS No. 159 did not have an impact on the company’s consolidated results of operations and financial position.

Effective January 1, 2007, the company adopted the Financial Accounting Standards Board (FASB) Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109” (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Adoption of FIN 48 did not have a material impact on the company’s consolidated results of operations and financial position. See Note 7.

Effective January 1, 2007, the company adopted EITF 06-2, “Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43.” EITF 06-2 applies to compensated absences that require a minimum service period but have no increase in the benefit even with additional years of service and requires the benefit to be recognized as a liability over the service period. Adoption of EITF 06-2 did not have a material impact on the company’s consolidated results of operations and financial position.

Effective January 1, 2007, the company adopted EITF 06-5, “Accounting for Purchases of Life Insurance – Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4.” EITF 06-5 requires that a policyholder should consider any additional amounts included in the contractual terms of the policy in determining the amount that could be realized under the insurance contract on a policy-by-policy basis. Adoption of EITF 06-5 did not have a material impact on the company’s consolidated results of operations and financial position.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), “Business Combinations” (SFAS No. 141R). SFAS No. 141R replaces SFAS No. 141, “Business Combinations,” and establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, which is January 1, 2009 for the company. The company will adopt SFAS No. 141R for business combinations, if any, after December 31, 2008.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, “Noncontrolling Interests in Consolidated Financial Statements” (SFAS No. 160). SFAS No. 160 describes a noncontrolling interest, sometimes called a minority interest, as the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. SFAS No. 160 establishes accounting and reporting standards that require, among other items: (a) the ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the consolidated statement of financial position within equity, but separate from the parent’s equity; (b) the amount of consolidated net income attributable to the parent and the noncontrolling interests be clearly identified and presented on the face of the consolidated statement of income; and (c) entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, which is January 1, 2009 for the company. Earlier adoption is prohibited. SFAS No. 160 shall be applied prospectively as of the beginning of the fiscal year in which the statement is initially applied, except for the presentation and disclosure requirements which shall be applied retrospectively for all periods presented. Adoption of SFAS No. 160 is not expected to have a material impact on the company’s consolidated results of operations and financial position.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (SFAS No. 161). SFAS No. 161 requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, which is January 1, 2009 for the company.

In December 2008, the FASB issued FSP FAS 132(R)-1 “Employers’ Disclosures about Postretirement Benefit Plan Assets.” This FSP provides guidance on an employer’s disclosures about plan assets of a defined benefit pension or other postretirement plan. The disclosures about plan assets required by FSP FAS 132(R)-1 shall be provided for fiscal years ending after December 15, 2009, which is December 31, 2009 for the company.

6. Accounts receivable

On May 16, 2008, the company entered into a new three-year, U.S. trade accounts receivable facility. Under this facility, the company has agreed to sell, on an ongoing basis, through Unisys Funding Corporation I, a wholly owned subsidiary, up to $150 million of interests in eligible U.S. trade accounts receivable. The facility replaced the company’s U.S. trade accounts receivable facility that was scheduled to terminate on May 28, 2008. Under the new facility, receivables are sold at a discount that reflects, among other things, a yield based on LIBOR subject to a minimum rate. The new facility includes customary representations and warranties, including no material adverse change in the company’s business, assets, liabilities, operations or financial condition. It also requires the company to maintain a minimum fixed charge coverage ratio and requires the maintenance of certain ratios related to the sold receivables. The facility will be subject to early termination if, as of February 28, 2010, the company’s 6.875% Senior Notes due 2010 have not been refinanced or extended to a date later than May 16, 2011. Other termination events include failure to perform covenants, materially incorrect representations and warranties, change of control and default under debt aggregating at least $25 million.

The company received proceeds of $1.5 billion in 2008, $1.4 billion in 2007, and $1.6 billion in 2006, from ongoing sales of accounts receivable interests under its U.S. trade accounts receivable facilities. At December 31, 2008 and 2007, the company retained subordinated interests of $291 million and $281 million, respectively, in the associated receivables; these receivables have been included in accounts and notes receivable in the accompanying consolidated balance sheets. As collections reduce previously sold interests, interests in new, eligible receivables can be sold, subject to meeting certain conditions. At December 31, 2008 and 2007, receivables of $141 million and $140 million, respectively, were sold and therefore removed from the accompanying consolidated balance sheets.

The selling price of the receivables interests reflects a discount (5.3% at both December 31, 2008 and at December 31, 2007). The company remains responsible for servicing the underlying accounts receivable. The company estimates the fair value of its retained interests by considering two key assumptions: the payment rate, which is derived from the average life of the accounts receivable, which is about 54 days, and the rate of expected credit losses. Based on the company's favorable collection experience and very short-term nature of the receivables, both assumptions are considered to be highly predictable. Therefore, the company's estimated fair value of its retained interests in the pool of eligible receivables is approximately equal to book value, less the associated allowance for doubtful accounts. The discount on the sales of these accounts receivable during the years ended December 31, 2008, 2007 and 2006, was $7.2 million, $8.5 million and $8.6 million, respectively. The discount is recorded in other income (expense), net in the accompanying consolidated statements of income.

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

Revenue recognized in excess of billings on services contracts, or unbilled accounts receivable, was $170.7 million and $219.8 million at December 31, 2008 and 2007, respectively. Such amounts are included in accounts and notes receivable, net and are stated at net realizable value. At December 31, 2008 and 2007, the company had long-term accounts and notes receivable, net of $4.4 million and $22.0 million, respectively. Such amounts are included in other long-term assets in the accompanying consolidated balance sheets.

Unearned income, which is deducted from accounts and notes receivable, was $.4 million and $1.3 million at December 31, 2008 and 2007, respectively. The allowance for doubtful accounts, which is reported as a deduction from accounts and notes receivable, was $51.0 million and $51.8 million at December 31, 2008 and 2007, respectively. The provision for doubtful accounts, which is reported in selling, general and administrative expenses in the consolidated statements of income, was $7.0 million, $(6.1) million and $10.6 million, in 2008, 2007 and 2006, respectively.

7. Income taxes

Following is the total income (loss) before income taxes and the provision for income taxes for the three years ended December 31, 2008.

Year ended December 31 (millions)	**2008**	2007	2006
Income (loss) before income taxes			
United States	**$(138.5)**	$(207.2)	$(120.2)
Foreign	**61.5**	210.7	(130.7)
Total income (loss) before income taxes	**$(77.0)**	$3.5	$(250.9)
Provision (benefit) for income taxes			
Current			
United States	**$(5.0)**	$15.3	$9.2
Foreign	**64.4**	43.2	69.7
State and local	**(2.4)**	(9.9)	2.3
Total	**57.0**	48.6	81.2
Deferred			
Foreign	**(3.9)**	34.0	(53.4)
Total provision for income taxes	**$53.1**	$82.6	$27.8

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

Year ended December 31 (millions)	**2008**	2007	2006
United States statutory income tax provision (benefit)	**$(26.9)**	$1.2	$(87.8)
U.S. losses for which no benefit has been recognized	**53.6**	87.8	51.3
Foreign tax expense, including withholding taxes	**51.6**	12.5	72.7
Change in valuation allowances due to changes in judgment	**(9.7)**	–	(4.2)
Effect of tax rate changes on temporary differences	**–**	9.1	(2.3)
Tax refund claims, audit issues and other matters			
U.S. Federal refundable credits	**(7.8)**	–	–
U.S. state	**(2.4)**	(9.9)	2.3
Foreign	**(5.3)**	(18.1)	(4.2)
Provision for income taxes	**$53.1**	$82.6	$27.8

Included in the caption "U.S. losses for which no benefit has been recognized" for 2008 is permanent items of $32.4 million. Included in the caption "Foreign tax expense, including withholding taxes" for 2008 is withholding taxes of $15.4 million and differences between U.S. and foreign tax rates of controlled foreign corporations of $5.6 million. In addition, the 2008 provision for income taxes includes a tax benefit of $8.7 million related to prior year foreign tax adjustments.

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities at December 31, 2008 and 2007, were as follows:

December 31 (millions)	**2008**	2007
Deferred tax assets		
Tax loss carryforwards	**$656.2**	$590.6
Postretirement benefits	**578.3**	50.6
Capitalized research and development	**404.6**	453.7
Foreign tax credit carryforwards	**355.3**	342.3
Other tax credit carryforwards	**199.4**	211.1
Deferred revenue	**103.9**	140.3
Capitalized intellectual property rights	**85.6**	113.5
Depreciation	**66.4**	64.5
Purchased capitalized software	**53.1**	36.0
Warranty, bad debts and other reserves	**46.4**	44.1
Employee benefits	**44.8**	45.4
Restructuring	**30.4**	29.1
Capitalized costs	**24.1**	21.7
Impairment charge related to outsourcing assets	**10.6**	14.5
Other	**54.0**	59.1
	2,713.1	2,216.5
Valuation allowance	**(2,587.2)**	(1,966.9)
Total deferred tax assets	**$125.9**	$249.6
Deferred tax liabilities		
Sales-type leases	**$5.9**	$11.3
Postretirement benefits	**1.7**	87.4
Other	**33.2**	75.7
Total deferred tax liabilities	**$40.8**	$174.4
Net deferred tax assets	**$85.1**	$75.2

SFAS No. 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. The 2007 provision for income taxes includes $8.9 million due to a reduction in the UK income tax rate. The rate reduction from 30% to 28% was enacted in the third quarter effective April 1, 2008. The provision of $8.9 million was caused by a write down of the UK net deferred tax assets to the 28% rate.

Cumulative undistributed earnings of foreign subsidiaries, for which no U.S. income or foreign withholding taxes have been recorded, approximated $860 million at December 31, 2008. As the company intends to indefinitely reinvest all such earnings, no provision has been made for income taxes that may become payable upon distribution of such earnings, and it is not practicable to determine the amount of the related unrecognized deferred income tax liability. Although there are no specific plans to distribute the undistributed earnings in the immediate future, where economically appropriate to do so, such earnings may be remitted.

Cash paid, net of refunds, during 2008, 2007 and 2006 for income taxes was $56.7 million, $12.6 million and $76.6 million, respectively.

At December 31, 2008, 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 $656.2 million. These carryforwards will expire as follows (in millions): 2009, $4.5; 2010, $7.7; 2011, $23.2; 2012, $9.6; 2013, $183.9; and $427.3 thereafter. The company also has available tax credit carryforwards of approximately $554.7 million, which will expire as follows (in millions): 2009, $27.1; 2010, $40.7; 2011, $14.3; 2012, $67.2; 2013, $46.5; and $358.9 thereafter.

The company has $85.1 million of net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of such assets. Factors that may affect the company's ability to achieve sufficient forecasted taxable income include, but are not limited to, the following: increased competition, a decline in sales or margins, loss of market share, the impact of the current economic environment, delays in product availability and technological obsolescence.

Effective January 1, 2007, the company adopted FIN 48, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return.

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

Year ended December 31 (millions)	**2008**	2007
Balance at January 1	**$15.1**	$38.3
Additions based on tax positions related to the current year	**-**	-
Additions for tax positions of prior years	**1.8**	8.1
Reductions for tax positions of prior years	**(1.6)**	(.8)
Reductions as a result of a lapse of applicable statute of limitations	**(1.2)**	(3.7)
Settlements	**(5.3)**	(26.8)
Balance at December 31	**$ 8.8**	$ 15.1

The company recognizes penalties and interest accrued related to income tax liabilities in the provision for income taxes in its consolidated statements of income. At December 31, 2008 and 2007, the company had an accrual of $3.3 million and $5.6 million, respectively, for the payment of penalties and interest.

In 2007, the company settled an income tax audit in the Netherlands and as a result, recorded a tax benefit of $39.4 million and received a refund, including interest, of approximately $57 million.

At December 31, 2008, the company had a liability for unrecognized tax benefits of $8.8 million, all of which, if recognized, would affect the company's effective tax rate. Within the next 12 months, the company believes that it is reasonably possible that the amount of unrecognized tax benefits may significantly change; however, various events could cause this belief to change in the future.

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

8. Properties

Properties comprise the following:

December 31 (millions)	**2008**	2007
Land	**$3.9**	$4.2
Buildings	**100.9**	112.0
Machinery and office equipment	**936.5**	830.1
Internal-use software	**286.8**	270.8
Rental equipment	**87.9**	119.8
Total properties	**$1,416.0**	$1,336.9

9. Investments at equity, minority interests and asset sales

In 2006, the company sold all of the shares it owned in Nihon Unisys, Ltd. (NUL), a publicly traded Japanese company. The company received gross proceeds of $378.1 million and recognized a pretax gain of $149.9 million which is included in "Other income (expense), net" in the 2006 consolidated statement of income. NUL continues to be the exclusive distributor of the company's hardware and software in Japan.

During the year ended December 31, 2006, the company recorded an equity loss related to NUL of $4.2 million, which was recorded in "Other income (expense), net" in the company's consolidated statements of income. For the years ended December 31, 2008, 2007 and 2006, total direct and indirect sales to NUL were approximately $134 million, $185 million and $245 million, respectively.

In 2005, the company and NUL amended the terms of a license and support agreement pursuant to which NUL receives access to certain of the company's intellectual property and support services. Under the revised arrangement, the company has granted NUL a perpetual license to the intellectual property, and, in lieu of an annual royalty, NUL paid the company a one-time fixed fee of $225 million, one-half of which was paid in October 2005 and one-half of which was paid in September 2006. The company recognized the $225 million as revenue over the three-year period ended March 31, 2008. The royalty fees are included in the direct and indirect sales disclosed above. In addition, the parties agreed that NUL would pay the company a fee of $20 million per year during the three years ended March 31, 2008 for the support services it provides under the license and support agreement. In 2007, NUL exercised an option to renew the support services arrangement for an additional two years at the same price.

The company owns 51% of Intelligent Processing Solutions Limited (iPSL), a U.K.-based company, which provides high-volume payment processing. iPSL is consolidated in the company's financial statements. The minority owners' interests in income of iPSL are reported in "Other income (expense), net" ($(11.6) million, $(23.4) million and $(6.0) million in 2008, 2007 and 2006, respectively) in the company's consolidated statements of income.

At December 31, 2008, the company's total outsourcing assets, net were $314.9 million, $89.9 million of which relate to iPSL. In 2006, the company and the minority shareholders executed agreements whereby the company retains its current 51% ownership interest in iPSL and the fees charged under the outsourcing services agreements increased beginning January 1, 2006. The estimated increase in iPSL revenue resulting from the amended outsourcing services agreements, together with its existing revenue, is currently estimated to provide the company with sufficient cash flow to recover all of iPSL's outsourcing assets. The company prepares its cash flow estimates based on assumptions that it believes to be reasonable but are also inherently uncertain. Actual future cash flows could differ from these estimates.

In 2007, the company sold its media business for proceeds of $29.3 million and recognized a pretax gain of $24.7 million.

10. Debt

Long-term debt is comprised of the following:

December 31 (millions)	**2008**	2007
8% senior notes due 2012	**$ 400.0**	$ 400.0
6 7/8% senior notes due 2010	**300.0**	300.0
12 1/2% senior notes due 2016	**210.0**	210.0
8 1/2% senior notes due 2015	**150.0**	150.0
7 7/8% senior notes redeemed in 2008	**–**	200.0
Other, net of unamortized discounts	**.6**	2.6
Total	**1,060.6**	1,262.6
Less – current maturities	**1.5**	204.3
Total long-term debt	**$ 1,059.1**	$ 1,058.3

Total long-term debt maturities in 2009, 2010, 2011, 2012 and 2013 are $1.5 million, $ 300.6 million, $.5 million, $400.6 million and $0.0 million, respectively.

Cash paid during 2008, 2007 and 2006 for interest was $86.9 million, $84.1 million and $91.3 million, respectively. Capitalized interest expense during 2008, 2007 and 2006 was $9.0 million, $9.1 million and $9.9 million, respectively.

In December 2007, the company issued $210.0 million of 12 1/2% senior notes due 2016. Using the proceeds from such notes, on January 11, 2008, the company redeemed, at par, all $200 million of its 7 7/8% senior notes due April 1, 2008. During 2007, the company financed $22.6 million of internal use software licenses and $6.8 million of outsourcing assets.

The company's revolving credit facility, which expires in May 2009 provides for loans and letters of credit up to an aggregate of $275 million. As of December 31, 2008, there were letters of credit of $62.1 million issued under the facility and there were no cash borrowings. The credit facility is secured by the company's assets, except that the collateral does not include accounts receivable that are subject to the receivables facility, U.S. real estate or the stock or indebtedness of the company's U.S. operating subsidiaries. Under the terms of the maturing facility, the company expects to be required to cash collateralize the letters of credit outstanding under the facility as at March 2, 2009. Borrowings under the facility bear interest based on short-term rates and the company's credit rating. The credit agreement contains customary representations and warranties, including no material adverse change in the company's business, results of operations or financial condition. It also contains financial covenants requiring the company to maintain certain interest coverage, leverage and asset coverage ratios and a minimum amount of liquidity, which could reduce the amount the company is able to borrow. The credit facility also includes covenants limiting liens, mergers, asset sales, dividends and the incurrence of debt. Events of default include nonpayment, failure to perform covenants, materially incorrect representations and warranties, change of control and default under other debt aggregating at least $25 million. If an event of default were to occur under the credit agreement, the lenders would be entitled to declare all amounts borrowed under it immediately due and payable. The occurrence of an event of default under the credit agreement could also cause the acceleration of obligations under certain other agreements and the termination of the company's U.S. trade accounts receivable facility, discussed below.

In addition, the company and certain international subsidiaries have access to uncommitted lines of credit from various banks.

At December 31, 2008, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions.

The company's principal sources of liquidity are cash on hand, cash from operations and its U.S. trade accounts receivable facility, which is discussed in Note 6. The company's anticipated future cash expenditures include anticipated contributions to its defined benefit pension plans and payments in respect of cost-reduction actions. Given the global economic slowdown and resultant tight credit markets, the company does not expect to renew or replace its existing revolving credit facility before its expiration on May 31, 2009. In addition, the company's ability to refinance or exchange its $300 million senior notes due in March 2010 could be affected by the adverse credit market conditions. The volatility and disruption in financial markets could also impact the company's ability to utilize surety bonds, letters of credit, foreign exchange derivatives and other financial instruments the company uses to conduct its business. In addition to the actions discussed in Note 3 to reduce its cost structure, the company will continue to focus on working capital management and to tightly manage capital expenditures. Given these actions and its cash on hand at December 31, 2008, the company believes that it will have adequate sources of liquidity to meet its expected 2009 cash requirements.

11. Product warranty

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

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

Year ended December 31 (millions)	**2008**	2007
Balance at January 1	**$ 6.9**	$ 8.2
Accruals for warranties issued during the period	**2.7**	5.2
Settlements made during the period	**(2.7)**	(6.4)
Changes in liability for pre-existing warranties during the period, including expirations	**(1.7)**	(.1)
Balance at December 31	**$5.2**	$6.9

12. Other liabilities

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

December 31 (millions)	**2008**	2007
Deferred revenue	**$481.4**	$618.1
Payrolls and commissions	**121.1**	160.5
Accrued vacations	**110.0**	122.2
Cost reduction	**68.3**	57.2
Taxes other than income taxes	**53.5**	79.6
Postretirement	**30.2**	26.1
Income taxes	**26.3**	28.7
Other	**154.9**	179.6
Total other accrued liabilities	**$1,045.7**	$1,272.0

In addition, other long-term liabilities include deferred revenue of $202.5 million and $268.8 million at December 31, 2008 and 2007, respectively.

13. Rental expense and commitments

Rental expense, less income from subleases, for 2008, 2007 and 2006 was $151.7 million, $167.7 million and $170.0 million, respectively. Rental expense for 2008 includes a charge of approximately $5 million related to prior years.

Minimum net rental commitments under noncancelable operating leases, including idle leases, outstanding at December 31, 2008, substantially all of which relate to real properties, were as follows: 2009, $100.4 million; 2010, $81.7 million; 2011, $59.8 million; 2012, $50.1 million; 2013, $36.9 million; and $124.4 million thereafter. Such rental commitments have been reduced by minimum sublease rentals of $32.5 million, due in the future under noncancelable subleases.

In 2003, the company entered into a five-year lease to rent a facility located in Malvern, PA. The Company accounted for this lease as an operating lease. Under the lease, the company had the option to purchase the facility at any time for approximately $34 million, which represented the total investment made by the lessor in the property. The lessor is a substantive independent leasing company that does not have the characteristics of a variable interest entity as defined by FIN 46 and is therefore not consolidated by the company. In addition, if the company did not exercise its purchase option and the lessor sold the facility at the end of the lease term for a price that was less than its investment, the company was required to guarantee the lessor a residual value on the property up to a maximum of $29 million. At the inception of the lease, the company recognized a liability of $1.2 million for this estimated residual value guarantee. In December 2007, the company exercised its option to remarket the property at the end of the lease term. Due to a decline in the estimated fair value of the leased property, in December 2007 and in 2008, the company recorded an additional liability of $4.6 million and $8.5 million, respectively related to the residual value guarantee, adjusting the amount that may become payable to the lessor at the end of the lease term to approximately $14.3 million. This liability was paid in December 2008 when the facility was sold by the owner.

At December 31, 2008, the company had outstanding standby letters of credit and surety bonds of approximately $265 million related to performance and payment guarantees. On the basis of experience with these arrangements, the company believes that any obligations that may arise will not be material. In addition, at December 31, 2008, the company had deposits and collateral of approximately $40 million in other long-term assets, principally related to tax and labor contingencies in Brazil.

14. Financial instruments

Due to its foreign operations, the company is exposed to the effects of foreign currency exchange rate fluctuations on the U.S. dollar. The company uses derivative financial instruments to manage its exposure to market risks from changes in foreign currency exchange rates. The derivative instruments used are foreign exchange forward contracts and foreign exchange options.

Certain of the company's qualifying derivative financial instruments have been designated as cash flow hedging instruments. Such instruments are used to manage the company's currency exchange rate risks for forecasted transactions involving intercompany sales and royalties. For the forecasted intercompany transactions, the company generally enters into derivative financial instruments for a six-month period by initially purchasing a three-month foreign exchange option, which, at expiration, is replaced with a three-month foreign exchange forward contract.

The company recognizes the fair value of its cash flow hedge derivatives as either assets or liabilities in its consolidated balance sheets. Changes in the fair value related to the effective portion of such derivatives are recognized in other comprehensive income until the hedged item is recognized in earnings, at which time the accumulated gain or loss is reclassified out of other comprehensive income and into earnings. The ineffective portion of such derivatives' change in fair value is immediately recognized in earnings. The ineffective amount related to cash flow hedge derivatives for intercompany transactions during the years ended December 31, 2008, 2007 and 2006 was not material. Both the amounts reclassified out of other comprehensive income and into earnings and the ineffectiveness recognized in earnings related to cash flow hedge derivatives for forecasted intercompany transactions are recognized in cost of revenue. There were no cash flow hedges in place at December 31, 2008 or at December 31, 2007, and, therefore, the accumulated income or loss in other comprehensive income related to cash flow hedges at December 31, 2008 and 2007 was zero.

When a cash flow hedge is discontinued because it is probable that the original forecasted transaction will not occur by the end of the original specified time period, the company is required to reclassify any gains or losses out of other comprehensive income and into earnings. The amount of such reclassifications during the years ended December 31, 2008, 2007 and 2006 was immaterial.

In addition to the cash flow hedge derivatives mentioned above, the company enters into foreign exchange forward contracts that have not been designated as hedging instruments. Such contracts generally have maturities of one month and are used by the company to manage its exposure to changes in foreign currency exchange rates principally on intercompany accounts. The fair value of such instruments is recognized as either assets or liabilities in the company's consolidated balance sheets, and changes in the fair value are recognized immediately in earnings in other income (expense), net in the company's consolidated statements of income.

During the years ended December 31, 2008, 2007 and 2006, the company recognized foreign exchange transaction gains or (losses) in "Other income (expense), net" in its consolidated statements of income of $(3.1) million, $1.5 million and $8.5 million, respectively.

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

15. Litigation and contingencies

There are various lawsuits, claims, investigations and proceedings that have been brought or asserted against the company, which arise in the ordinary course of business, including actions with respect to commercial and government contracts, labor and employment, employee benefits, environmental matters and intellectual property. In accordance with SFAS No. 5, “Accounting for Contingencies,” the company records a provision for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Any provisions are reviewed at least quarterly and are adjusted to reflect the impact and status of settlements, rulings, advice of counsel and other information and events pertinent to a particular matter.

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

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

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

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

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

In July 2008, Lufthansa Systems Passenger Services GmbH sued Unisys Germany in the District Court of Frankfurt, Germany, in connection with a 2005 agreement under which Unisys Germany was to develop passenger management software for Lufthansa Systems. Lufthansa Systems purported to terminate the agreement for cause in July 2007 claiming that Unisys Germany failed to deliver satisfactory software in a timely manner. The lawsuit seeks a monetary recovery of approximately 49 million euros. The company believes it has valid defenses and has filed its defense. The litigation is proceeding.

Notwithstanding that the ultimate results of the lawsuits, claims, investigations and proceedings that have been brought or asserted against the company are not currently determinable, the company believes that at December 31, 2008, it has adequate provisions for any such matters.

16. Segment information

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

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

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the years ended December 31, 2008, 2007 and 2006, was $38.5 million, $17.3 million and $16.4 million, respectively. The profit on these transactions is eliminated in Corporate.

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

No single customer accounts for more than 10% of revenue. Revenue from various agencies of the U.S. Government, which is reported in both business segments, was approximately $864 million, $891 million and $921 million in 2008, 2007 and 2006, respectively.

Corporate assets are principally cash and cash equivalents, prepaid postretirement assets and deferred income taxes. The expense or income related to corporate assets is allocated to the business segments. In addition, corporate assets include an offset for interests in accounts receivable that have been recorded as sales in accordance with SFAS No. 140, because such receivables are included in the assets of the business segments. See Note 6.

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

Year ended December 31 (millions)	**2008**	2007	2006
Total segment operating income (loss)	**$171.8**	$203.1	$(4.8)
Interest expense	**(85.1)**	(76.3)	(77.2)
Other income (expense), net	**(32.6)**	(7.6)	150.3
Cost reduction charges	**(103.1)**	(116.8)	(330.1)
Corporate and eliminations	**(28.0)**	1.1	10.9
Total income (loss) before income taxes	**$(77.0)**	$3.5	$(250.9)

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

Year ended December 31 (millions)	**2008**	2007	2006
Services			
Systems integration and consulting	**$1,490.5**	$1,504.2	$1,591.8
Outsourcing	**2,006.6**	2,039.7	1,916.2
Infrastructure services	**735.1**	878.2	948.2
Core maintenance	**371.4**	424.6	461.0
	4,603.6	4,846.7	4,917.2
Technology			
Enterprise-class servers	**515.8**	647.3	668.6
Specialized technologies	**113.8**	158.5	171.4
	629.6	805.8	840.0
Total	**$5,233.2**	$5,652.5	$5,757.2

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

December 31 (millions)	**2008**	2007	2006
Total segment assets	**$2,176.4**	$2,695.1	$2,905.3
Cash and cash equivalents	**544.0**	830.2	719.3
Prepaid postretirement assets	**20.7**	497.0	250.1
Deferred income taxes	**111.4**	111.8	221.3
Elimination for sale of receivables	**(141.0)**	(132.6)	(168.7)
Other corporate assets	**112.6**	135.6	110.6
Total assets	**$2,824.1**	$4,137.1	$4,037.9

A summary of the company's operations by business segment for 2008, 2007 and 2006 is presented below:

(millions)	Total	Corporate	Services	Technology
2008				
Customer revenue	$5,233.2		$4,603.6	$629.6
Intersegment		$(232.0)	13.9	218.1
Total revenue	$5,233.2	$(232.0)	$4,617.5	$847.7
Operating income (loss)	$40.7	$(131.1)	$137.3	$34.5
Depreciation and amortization	418.0		291.7	126.3
Total assets	2,824.1	647.7	1,696.9	479.5
Capital expenditures	294.5	12.9	201.7	79.9
2007				
Customer revenue	$5,652.5		$4,846.7	$805.8
Intersegment		$(206.7)	13.9	192.8
Total revenue	$5,652.5	$(206.7)	$4,860.6	$998.6
Operating income (loss)	$85.9	$(117.2)	$120.6	$82.5
Depreciation and amortization	380.5		261.2	119.3
Total assets	4,137.1	1,442.0	2,096.2	598.9
Capital expenditures	309.0	20.9	201.9	86.2
2006				
Customer revenue	$5,757.2		$4,917.2	$840.0
Intersegment		$(250.3)	14.8	235.5
Total revenue	$5,757.2	$(250.3)	$4,932.0	$1,075.5
Operating income (loss)	$(326.8)	$(322.0)	$(22.6)	$17.8
Depreciation and amortization	388.5		264.5	124.0
Total assets	4,037.9	1,132.6	2,222.2	683.1
Capital expenditures	256.5	5.3	144.7	106.5

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

Year ended December 31 (millions)	**2008**	2007	2006
Revenue			
United States	**$2,243.0**	$2,432.3	$2,539.9
United Kingdom	**748.2**	900.2	873.2
Other foreign	**2,242.0**	2,320.0	2,344.1
Total	**$5,233.2**	$5,652.5	$5,757.2
Properties, net			
United States	**$178.1**	$206.9	$211.9
United Kingdom	**28.9**	42.0	45.2
Other foreign	**69.5**	83.3	84.2
Total	**$276.5**	$332.2	$341.3
Outsourcing assets, net			
United States	**$140.9**	$146.6	$130.8
United Kingdom*	**107.9**	186.8	221.4
Other foreign	**66.1**	76.0	48.9
Total	**$314.9**	$409.4	$401.1

**Amounts relate principally to iPSL, a 51%-owned U.K.-based company. See Note 9.*

17. Employee plans

Stock plans Under stockholder approved stock-based plans, stock options, stock appreciation rights, restricted stock and restricted stock units may be granted to officers, directors and other key employees. At December 31, 2008, 24.5 million shares of unissued common stock of the company were available for granting under these plans.

As of December 31, 2008, the company has granted non-qualified stock options and restricted stock units under these plans. The company recognizes compensation cost net of a forfeiture rate in selling, general and administrative expenses, and recognizes the compensation cost for only those awards expected to vest. The company estimates the forfeiture rate based on its historical experience and its expectations about future forfeitures.

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

Options have been granted to purchase the company's common stock at an exercise price equal to or greater than the fair market value at the date of grant. Options granted before January 1, 2005 generally have a maximum duration of ten years and were exercisable in annual installments over a four-year period following date of grant. Stock options granted after January 1, 2005 generally have a maximum duration of five years and become exercisable in annual installments over a three-year period following date of grant.

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

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

Year Ended December 31	**2008**	2007	2006
Weighted-average fair value of grant	**$.85**	$2.36	$2.46
Risk-free interest rate	**3.63%**	4.63%	4.35%
Expected volatility	**45.28%**	35.31%	45.88%
Expected life of options in years	**3.67**	3.67	3.67
Expected dividend yield	**–**	–	–

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

During the year ended December 31, 2008, 2007 and 2006, the company recognized $1.1 million, $7.7 million and $6.7 million of share-based compensation expense, which is comprised of $.8 million, $7.3 million and $6.1 million of restricted stock unit expense and $.3 million, $.4 million and $.6 million of stock option expense, respectively. In September 2008, the company reversed $13.2 million of previously-accrued compensation expense related to performance-based restricted stock units due to a change in the assessment of the achievability of the performance goals.

A summary of stock option activity for the year ended December 31, 2008 follows (shares in thousands):

Options	Shares	Weighted-Average Exercise Price	Average Remaining Contractual Term (years)	Aggregate Intrinsic Value ($ in millions)
Outstanding at December 31, 2007	37,452	$16.99		
Granted	1,388	2.25		
Exercised	–	–		
Forfeited and expired	(4,699)	17.24		
Outstanding at December 31, 2008	34,141	16.35	2.27	$-
Vested and expected to vest at December 31, 2008	34,141	16.35	2.27	$-
Exercisable at December 31, 2008	32,649	16.98	2.17	$-

The aggregate intrinsic value represents the total pretax value of the difference between the company's closing stock price on the last trading day of the period and the exercise price of the options, multiplied by the number of in-the-money stock options that would have been received by the option holders had all option holders exercised their options on December 31, 2008. The intrinsic value of the company's stock options changes based on the closing price of the company's stock. The total intrinsic value of options exercised for the years ended December 31, 2008 and 2007 was zero and $2.9 million, respectively. As of December 31, 2008, $1.3 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 2.6 years.

A summary of restricted stock unit activity for the year ended December 31, 2008 follows (shares in thousands):

	Restricted Stock Units	Weighted-Average Grant-Date Fair Value
Outstanding at December 31, 2007	4,346	$7.65
Granted	7,075	4.01
Vested	(277)	6.88
Forfeited and expired	(3,514)	6.00
Outstanding at December 31, 2008	7,630	5.07

The fair value of restricted stock units is determined based on the trading price of the company's common shares on the date of grant. The weighted-average grant-date fair value of restricted stock units granted during the year ended December 31, 2007 was $8.09. As of December 31, 2008, there was $8.3 million of total unrecognized compensation cost related to outstanding restricted stock units granted under the company's plans. That cost is expected to be recognized over a weighted-average period of 1.4 years. The total fair value of restricted share units vested during the years ended December 31, 2008 and 2007 was $1.0 million and $3.2 million, respectively.

Common stock issued upon exercise of stock options or upon lapse of restrictions on restricted stock units is newly issued shares. Cash received from the exercise of stock options for the years ended December 31, 2008 and 2007 was zero and $12.3 million, respectively. During 2008 and 2007, the company did not recognize any tax benefits from the exercise of stock options or upon issuance of stock upon lapse of restrictions on restricted stock units because of its tax position. Any such tax benefits resulting from tax deductions in excess of the compensation costs recognized are classified as financing cash flows.

U.S. employees are eligible to participate in an employee savings plan. Under this plan, employees may contribute a percentage of their pay for investment in various investment alternatives. Effective January 1, 2007, the company increased its matching contribution to 100 percent of the first 6 percent of eligible pay contributed by plan participants. Prior to this date, company matching contributions of up to 2 percent of pay were made. Matching contributions were made in the form of newly issued shares of company common stock. The charge to income related to the company match for the years ended December 31, 2008, 2007 and 2006, was $47.5 million, $47.4 million and $18.3 million, respectively. The expense for 2008 includes $3.5 million for a true-up match related to the prior year. Effective January 1, 2009, the company match to the U.S. employee savings plan was suspended.

The company has defined contribution plans in certain locations outside the United States. The charge to income related to these plans was $26.6 million, $24.5 million and $24.6 million, for the years ended December 31, 2008, 2007 and 2006, respectively. For plans outside the United States, company contributions are made in cash.

Retirement benefits In 2006, the company adopted changes to its U.S. defined benefit pension plans effective December 31, 2006. The changes included ending the accrual of future benefits in the company's defined benefit pension plans for employees effective December 31, 2006. No new entrants to the plans are allowed after that date. As a result of the amendment to stop accruals for future benefits in its U.S. defined benefit pension plans, the company recorded a pretax curtailment gain of $45.0 million in 2006.

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

The company has non-qualified compensation plans, which allow certain highly compensated employees and directors to defer the receipt of a portion of their salary, bonus and fees. Participants can earn a return on their deferred balance that is based on hypothetical investments in various investment vehicles. Changes in the market value of these investments are reflected as an adjustment to the liability with an offset to expense. As of December 31, 2008 and 2007, the liability to the participants of these plans was $13.5 million and $20.0 million, respectively. These amounts reflect the accumulated participant deferrals and earnings thereon as of that date. The company makes no contributions to the deferred compensation plans and remains contingently liable to the participants.

Retirement plans' funded status and amounts recognized in the company's consolidated balance sheets at December 31, 2008 and 2007, follow:

	U.S. Plans		International Plans	
December 31 (millions)	**2008**	2007	**2008**	2007
Change in projected benefit obligation				
Benefit obligation at beginning of year	**$4,602.0**	$4,771.8	**$2,376.8**	$2,464.1
Service cost	**-**	.2	**22.9**	41.4
Interest cost	**283.9**	278.0	**130.9**	123.9
Plan participants' contributions	**-**	-	**6.8**	9.4
Plan amendments	**-**	5.5	**(6.1)**	(7.2)
Actuarial gain	**(105.4)**	(126.5)	**(287.2)**	(281.4)
Benefits paid	**(330.2)**	(327.0)	**(93.9)**	(84.3)
Foreign currency translation adjustments	**-**	-	**(339.3)**	110.9
Benefit obligation at end of year	**$4,450.3**	$4,602.0	**$1,810.9**	$2,376.8
Change in plan assets				
Fair value of plan assets at beginning of year	**$4,979.1**	$4,931.3	**$2,228.1**	$2,048.6
Actual return on plan assets	**(1,359.7)**	366.9	**(266.0)**	81.9
Employer contribution	**7.5**	7.9	**70.6**	70.8
Plan participants' contributions	**-**	-	**6.8**	9.4
Benefits paid	**(330.2)**	(327.0)	**(93.9)**	(84.3)
Foreign currency translation adjustments	**-**	-	**(312.7)**	101.7
Fair value of plan assets at end of year	**$3,296.7**	$4,979.1	**$1,632.9**	$2,228.1
Funded status at end of year	**$(1,153.6)**	$377.1	**$(178.0)**	$(148.7)
Amounts recognized in the consolidated balance sheets consist of:				
Prepaid postretirement assets	**$ -**	$460.3	**$20.7**	$36.7
Other accrued liabilities	**(7.3)**	(7.3)	**(.2)**	-
Long-term postretirement liabilities	**(1,146.3)**	(75.9)	**(198.5)**	(185.4)
Total funded status	**$(1,153.6)**	$377.1	**$(178.0)**	$(148.7)
Accumulated other comprehensive loss, net of tax				
Net loss	**$2,392.2**	$788.0	**$294.1**	$287.3
Prior service cost (credit)	**$4.9**	$5.5	**$(.9)**	$1.2
Accumulated benefit obligation	**$4,450.3**	$4,602.0	**$1,755.5**	$2,093.4

Information for defined benefit retirement plans with an accumulated benefit obligation in excess of plan assets at December 31, 2008 and 2007, follows:

December 31 (millions)	**2008**	2007
Accumulated benefit obligation	**$5,436.0**	$1,100.2
Fair value of plan assets	**4,088.7**	952.2

Information for defined benefit retirement plans with a projected benefit obligation in excess of plan assets at December 31, 2008 and 2007, follows:

December 31 (millions)	**2008**	2007
Projected benefit obligation	**$5,441.1**	$1,576.6
Fair value of plan assets	**4,088.7**	1,308.0

Net periodic pension cost (income) for 2008, 2007 and 2006 includes the following components:

	U.S. Plans			International Plans		
Year ended December 31 (millions)	**2008**	2007	2006	**2008**	2007	2006
Service cost	**$ -**	$.2	$61.4	**$22.9**	$41.4	$48.4
Interest cost	**283.9**	278.0	278.3	**130.9**	123.9	112.6
Expected return on plan assets	**(407.3)**	(389.7)	(367.2)	**(154.5)**	(146.4)	(122.7)
Amortization of prior service (benefit) cost	**.7**	-	(1.9)	**.2**	.6	.9
Recognized net actuarial loss	**57.4**	97.4	121.3	**13.1**	35.3	49.4
Settlement/curtailment (gain) loss	**-**	-	(45.0)	**1.4**	(5.7)	-
Net periodic pension cost (income)	**$(65.3)**	$(14.1)	$46.9	**$14.0**	$49.1	$88.6

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

Discount rate*	**6.38%**	6.02%	5.84/6.29%	**5.86%**	5.03%	4.77%
Rate of compensation increase	**N/A**	N/A	4.58%	**3.29%**	3.13%	3.12%
Expected long-term rate of return on assets**	**8.75%**	8.75%	8.75%	**7.28%**	7.30%	7.25%

**The dual rate for 2006 was caused by the remeasurement of the U.S. plans in March.*

** For 2009, the company has assumed that the expected long-term rate of return on plan assets for its U.S. defined benefit pension plan will be 8.75%.

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

Discount rate	**6.75%**	6.38%	6.02%	**6.42%**	5.86%	5.03%
Rate of compensation increase	**N/A**	N/A	N/A	**2.88%**	3.29%	3.13%

The expected pretax amortization in 2009 of net periodic pension cost is as follows: net loss, $87.7 million; and prior service cost, $.7 million.

The asset allocation for the defined benefit pension plans at December 31, 2008 and 2007, follows:

	U.S.		Int'l	
December 31	**2008**	2007	**2008**	2007
Asset Category				
Equity securities	**62%**	67%	**40%**	50%
Debt securities	**30%**	28%	**56%**	47%
Real estate	**5%**	4%	**2%**	1%
Cash	**3%**	1%	**2%**	2%
Total	**100%**	100%	**100%**	100%

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

	U.S.		Int'l	
Asset Category	Target	Range	Target	Range
Equity securities	68%	65-71%	46%	41-52%
Debt securities	26%	23-29%	52%	46-57%
Real estate	6%	3-9%	0%	0-3%
Cash	0%	0-5%	2%	0-4%

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

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

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

The company expects to make cash contributions of approximately $90 million to its worldwide defined benefit pension plans (principally international plans) in 2009. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to fund its U.S. qualified defined benefit pension plan in 2009.

As of December 31, 2008, the following benefit payments, which reflect expected future service where applicable, are expected to be paid from the defined benefit pension plans:

Year ending December 31 (millions)	U.S.	Int'l
2009	$341.1	$72.9
2010	342.2	77.5
2011	345.3	83.5
2012	349.6	92.2
2013	352.4	99.4
2014 - 2018	1,787.8	582.8

Other postretirement benefits A reconciliation of the benefit obligation, fair value of the plan assets and the funded status of the postretirement benefit plan at December 31, 2008 and 2007, follows:

December 31 (millions)	**2008**	2007
Change in accumulated benefit obligation		
Benefit obligation at beginning of year	**$189.7**	$203.7
Service cost	**.5**	-
Interest cost	**12.5**	12.1
Plan participants' contributions	**9.1**	11.4
Amendments	**11.2**	.8
Actuarial (gain) loss	**(12.1)**	(1.9)
Federal drug subsidy	**4.9**	1.0
Benefits paid	**(31.2)**	(37.4)
Benefit obligation at end of year	**$184.6**	$189.7
Change in plan assets		
Fair value of plan assets at beginning of year	**$11.5**	$12.8
Actual return on plan assets	**.8**	.3
Employer contributions	**19.5**	24.4
Plan participants' contributions	**9.1**	11.4
Benefits paid	**(31.2)**	(37.4)
Fair value of plan assets at end of year	**$9.7**	$11.5
Funded status at end of year	**$(174.9)**	$(178.2)
Amounts recognized in the consolidated balance sheets consist of:		
Other accrued liabilities	**$(22.7)**	$(18.8)
Long-term postretirement liabilities	**(152.2)**	(159.4)
Total funded status	**$(174.9)**	$(178.2)
Accumulated other comprehensive loss, net of tax		
Net loss	**$35.8**	$48.0
Prior service cost (benefit)	**9.8**	.4

Net periodic postretirement benefit cost for 2008, 2007 and 2006, follows:

Year ended December 31 (millions)	**2008**	2007	2006
Service cost	**$.5**	$ -	$ -
Interest cost	**12.5**	12.1	12.7
Expected return on assets	**(.5)**	(.5)	(.5)
Amortization of prior service cost (benefit)	**1.9**	(.1)	(1.9)
Recognized net actuarial loss	**3.9**	4.5	5.0
Net periodic benefit cost	**$18.3**	$16.0	$15.3
Weighted-average assumptions used to determine net periodic postretirement benefit cost for the years ended December 31 were as follows:			
Discount rate	**6.58%**	6.58%	6.46%
Expected return on plan assets	**6.75%**	6.75%	6.75%
Weighted-average assumptions used to determine benefit obligation at December 31 were as follows:			
Discount rate	**7.02%**	6.58%	6.58%

The expected pretax amortization in 2009 of net periodic postretirement benefit cost is as follows: net loss, $3.5 million; and prior service cost, $1.5 million.

The plan assets are invested as follows: 28% debt securities, 70% insurance contracts and 2% cash. The company reviews its asset allocation periodically, taking into consideration plan liabilities, plan payment streams and then-current capital market assumptions. The company sets the long-term expected return on asset assumption, based principally on the long-term expected return on debt securities. These return assumptions are based on a combination of current market conditions, capital market expectations of third-party investment advisors and actual historical returns of the asset classes.

The company expects to contribute approximately $23 million to its postretirement benefit plan in 2009.

Assumed health care cost trend rates at December 31	**2008**	2007
Health care cost trend rate assumed for next year	**8.6%**	9.4%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**5.0%**	5.0%
Year that the rate reaches the ultimate trend rate	**2014**	2014

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

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on service and interest cost	$.5	$(.5)
Effect on postretirement benefit obligation	5.3	(7.9)

As of December 31, 2008, the following benefits are expected to be paid to or from the company’s postretirement plan:

Year ending December 31 (millions)	Gross Medicare Part D Receipts	Gross Expected Payments
2009	$3.4	$29.2
2010	3.5	29.1
2011	3.3	28.0
2012	3.2	28.0
2013	3.2	27.6
2014 - 2018	7.4	75.0

18. Stockholders' equity

The company has 720 million authorized shares of common stock, par value $.01 per share, and 40 million shares of authorized preferred stock, par value $1 per share, issuable in series.

At December 31, 2008, 76.7 million shares of unissued common stock of the company were reserved principally for stock-based incentive and savings plans.

Comprehensive income (loss) for the three years ended December 31, 2008, includes the following components:

Year ended December 31 (millions)	**2008**	2007	2006
Net loss	**$(130.1)**	$(79.1)	$(278.7)
Other comprehensive income (loss)			
Cash flow hedges			
Income (loss), net of tax of $ –, $ – and $(.3)	**–**	(.2)	(1.1)
Reclassification adjustments, net of tax of $ –, $ – and $.3	**–**	.2	1.0
Foreign currency translation adjustments	**(106.2)**	37.8	(5.8)
Postretirement adjustments, net of tax of $(8.8), $(33.2) and $(40.9)	**(1,627.4)**	405.3	1,544.6
Total other comprehensive income	**(1,733.6)**	443.1	1,538.7
Comprehensive income (loss)	**$(1,863.7)**	$364.0	$1,260.0

Accumulated other comprehensive income (loss) as of December 31, 2008, 2007 and 2006, is as follows:

(millions)	**Total**	**Translation Adjustments**	**Cash Flow Hedges**	**Postretirement Plans**
Balance at December 31, 2005	$(1,844.9)	$(627.3)	$.1	$(1,217.7)
Change during period	1,538.7	(5.8)	(.1)	1,544.6
Adoption of SFAS No. 158	(1,319.8)	–	–	(1,319.8)
Balance at December 31, 2006	(1,626.0)	(633.1)	–	(992.9)
Change during period	443.1	37.8	–	405.3
Balance at Dec. 31, 2007	(1,182.9)	(595.3)	–	(587.6)
Change during period	(1,733.6)	(106.2)	–	(1,627.4)
Balance at December 31, 2008	$(2,916.5)	$(701.5)	$ –	$(2,215.0)

Report of Management on the Financial Statements

The management of the company is responsible for the integrity of its financial statements. These statements have been prepared in conformity with U.S. generally accepted accounting principles and include amounts based on the best estimates and judgments of management. Financial information included elsewhere in this report is consistent with that in the financial statements.

KPMG LLP, an independent registered public accounting firm, has audited the company's 2008 financial statements. Its accompanying report is based on an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The Board of Directors, through its Audit Committee, which is composed entirely of independent directors, oversees management's responsibilities in the preparation of the financial statements and selects the independent registered public accounting firm, subject to stockholder ratification. The Audit Committee meets regularly with the independent registered public accounting firm, representatives of management, and the internal auditors to review the activities of each and to assure that each is properly discharging its responsibilities. To ensure complete independence, the internal auditors and representatives of KPMG LLP have full access to meet with the Audit Committee, with or without management representatives present, to discuss the results of their audits and their observations on the adequacy of internal controls and the quality of financial reporting.

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

Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Unisys Corporation

We have audited the accompanying consolidated balance sheet of Unisys Corporation and subsidiaries as of December 31, 2008, and the related consolidated statements of income, stockholders' equity (deficit) and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unisys Corporation and subsidiaries as of December 31, 2008, and the results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Unisys Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 2, 2009 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Philadelphia, Pennsylvania
March 2, 2009

Report of Independent Registered Public Accounting Firm on the Financial Statements

To the Board of Directors and Shareholders of Unisys Corporation

We have audited the accompanying consolidated balance sheet of Unisys Corporation as of December 31, 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2007. These financial statements are the responsibility of Unisys Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unisys Corporation at December 31, 2007, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Philadelphia, Pennsylvania
February 28, 2008

Report of Management on Internal Control Over Financial Reporting

The management of Unisys Corporation (the company) is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we assert that the company maintained effective internal control over financial reporting as of December 31, 2008, based on the specified criteria.

KPMG LLP, an independent registered public accounting firm, has audited the company's internal control over financial reporting as of December 31, 2008, as stated in their attestation report that appears on the following page.

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

Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Unisys Corporation

We have audited Unisys Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Unisys Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, Unisys Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Unisys Corporation and subsidiaries as of December 31, 2008, and the related consolidated statements of income, stockholders' equity (deficit) and cash flows for the year then ended, and our report dated March 2, 2009 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Philadelphia, Pennsylvania
March 2, 2009

Unisys Corporation

Supplemental Financial Data (Unaudited)

Quarterly financial information

(millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2008					
Revenue	$1,301.3	$1,340.0	$1,312.4	$1,279.5	$5,233.2
Gross profit	293.2	303.8	292.0	237.7	1,126.7
Income (loss) before income taxes	.4	(10.4)	10.3	(77.3)	(77.0)
Net loss	(23.4)	(14.0)	(34.7)	(58.0)	(130.1)
Loss per share – basic	(.07)	(.04)	(.10)	(.16)	(.36)
– diluted	(.07)	(.04)	(.10)	(.16)	(.36)
Market price per share – high	4.75	5.11	4.29	2.92	5.11
– low	3.19	3.85	2.70	.38	.38
2007					
Revenue	$1,348.0	$1,375.7	$1,393.1	$1,535.7	$5,652.5
Gross profit	257.4	299.4	309.1	421.1	1,287.0
Income (loss) before income taxes	(23.0)	(24.9)	5.8	45.6	3.5
Net income (loss)	3.6	(65.5)	(31.0)	13.8	(79.1)
Earnings (loss) per share – basic	.01	(.19)	(.09)	.04	(.23)
– diluted	.01	(.19)	(.09)	.04	(.23)
Market price per share – high	9.47	9.51	9.70	7.90	9.70
– low	7.78	7.52	6.43	4.42	4.42

In the fourth quarter of 2008, the company recorded pretax cost-reduction and other charges of $95.6 million. In the first, second and fourth quarters of 2007, the company recorded pretax cost-reduction and other charges of $32.7 million, $33.3 million and $50.8 million, respectively. In the first quarter of 2007, the company recorded a pretax gain of $23.7 million on the sale of the company's media business and a favorable income tax audit settlement of $39.4 million. See Notes 3, 7 and 9 of the Notes to Consolidated Financial Statements.

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

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

Five-year summary of selected financial data

(dollars in millions, except per share data)	**2008[1]**	2007[1]	2006[1]	2005[2]	2004[1][3]
Results of operations					
Revenue	**$5,233.2**	$5,652.5	$5,757.2	$5,758.7	$5,820.7
Operating income (loss)	**40.7**	85.9	(326.8)	(162.4)	(34.8)
Income (loss) before income taxes	**(77.0)**	3.5	(250.9)	(170.9)	(76.0)
Net income (loss)	**(130.1)**	(79.1)	(278.7)	(1,731.9)	38.6
Earnings (loss) per share					
Basic	**(.36)**	(.23)	(.81)	(5.09)	.12
Diluted	**(.36)**	(.23)	(.81)	(5.09)	.11
Financial position					
Total assets	**$2,824.1**	$4,137.1	$4,037.9	$4,028.9	$5,620.9
Long-term debt	**1,059.1**	1,058.3	1,049.1	1,049.0	898.4
Stockholders' equity (deficit)	**(1,454.3)**	366.6	(64.2)	(32.6)	1,506.5
Stockholders' equity (deficit) per share	**(3.93)**	1.04	(.19)	(.10)	4.46
Other data					
Capital additions of properties	**$76.9**	$77.5	$70.1	$112.0	$137.0
Capital additions of outsourcing assets	**133.1**	137.5	81.0	143.8	177.5
Investment in marketable software	**84.5**	94.0	105.4	125.7	119.6
Depreciation and amortization					
Properties	**105.7**	115.1	120.5	120.7	136.5
Outsourcing assets	**162.6**	143.8	135.1	128.8	123.3
Amortization of marketable software	**149.7**	121.6	132.9	124.7	134.2
Common shares outstanding (millions)	**369.9**	353.9	345.4	342.2	337.4
Stockholders of record (thousands)	**20.6**	20.7	22.9	24.1	25.2
Employees (thousands)	**29.0**	30.0	31.5	36.1	36.4

(1) Includes pretax cost- reduction and other charges of $103.1 million, $116.8 million, $330.1 million and $82.0 million for the years ended December 31, 2008, 2007, 2006 and 2004, respectively.

(2) Includes an increase in the valuation allowance for deferred tax assets resulting in a non cash charge of $1,573.9 million.

(3) Includes a pretax impairment charge of $125.6 million and favorable income tax audit settlements of $97.0 million.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Unisys Corporation, the registrant, a Delaware company, has no parent. The registrant has the following subsidiaries:

Name of Company	State or Other Jurisdiction Under the Laws of Which Organized
Unisys Limited	United Kingdom
Unisys Funding Corporation I	Delaware
Intelligent Processing Solutions Limited	United Kingdom

Pursuant to Item 601(b)(21)(ii) of Regulation S-K, subsidiaries of the Company have been omitted which, considered in the aggregate as a single subsidiary, would not have constituted a significant subsidiary (as defined in Rule 1-02(w) of Regulation S-X) as of December 31, 2008.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Unisys Corporation:

We consent to the incorporation by reference in the Registration Statements (No. 333-51887, 333-73399, 333-87409, 333-40012, 333-56036, 333-103324, 333-107338, 333-114718, 333-145429, 333-155733, 333-156569) on Form S-8 and in the Registration Statements (No. 333-85650, 333-155735) on Form S-3 and in the Registration Statement (No. 333-74745) on Form S-4 of Unisys Corporation of our reports dated March 2, 2009, with respect to the consolidated balance sheet of Unisys Corporation as of December 31, 2008, and the related consolidated statements of income, stockholders' equity (deficit) and cash flows for the year then ended, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2008, which reports appear or are incorporated by reference in the December 31, 2008 Annual Report on Form 10-K of Unisys Corporation.

KPMG LLP

Philadelphia, Pennsylvania
March 2, 2009

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Unisys Corporation of our report dated February 28, 2008, with respect to the consolidated financial statements of Unisys Corporation included in the 2007 Annual Report to Stockholders of Unisys Corporation.

Our audits also included the financial statement schedule for the years ended December 31, 2007 and 2006 of Unisys Corporation listed in Item 15(a). This schedule is the responsibility of Unisys Corporation's management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is February 28, 2008, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-51887) pertaining to the 1990 Unisys Long-Term Incentive Plan;

(2) Registration Statement (Form S-8 No. 333-73399) pertaining to the Deferred Compensation Plan for Executives of Unisys Corporation;

(3) Registration Statement (Form S-4 No. 333-74745) of Unisys Corporation;

(4) Registration Statement (Form S-8 No. 333-87409) pertaining to PulsePoint Communications 1983 Stock Option Plan, the Stock Option Plan for Independent Directors of Digital Sound Corporation and Tech Hackers, Inc. 1997 Equity Incentive Plan;

(5) Registration Statement (Form S-8 No. 333-40012) pertaining to the Director Stock Unit Plan;

(6) Registration Statement (Form S-8 No. 333-56036) pertaining to the Global Employee Stock Purchase Plan;

(7) Registration Statement (Form S-3 No. 333-85650) of Unisys Corporation, Unisys Capital Trust I, Unisys Capital Trust II;

(8) Registration Statement (Form S-8 No. 333-103324) pertaining to the Unisys Corporation 2002 Stock Option Plan;

(9) Registration Statement (Form S-8 No. 333-107338) pertaining to the Employee Stock Purchase Plan;

(10) Registration Statement (Form S-8 No. 333-114718) pertaining to the Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan;

(11) Registration Statement (Form S-8 No. 333-145429) pertaining to the Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan;

(12) Registration Statement (Form S-8 No. 333-155733) pertaining to the Unisys Savings Plan;

(13) Registration Statement (Form S-3 No. 333-155735) of Unisys Corporation; and

(14) Registration Statement (Form S-8 No. 333-156569) pertaining to the Unisys Savings Plan;

of our report dated February 28, 2008, with respect to the consolidated financial statements of Unisys Corporation incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule for the years ended December 31, 2007 and 2006 of Unisys Corporation included in the Annual Report (Form 10-K) of Unisys Corporation for the year ended December 31, 2008.

Ernst + Young LLP

Philadelphia, Pennsylvania
March 2, 2009

Exhibit 24

POWER OF ATTORNEY
Unisys Corporation
Annual Report on Form 10-K
for the year ended December 31, 2008

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below does hereby make, constitute and appoint J. EDWARD COLEMAN, JANET BRUTSCHEA HAUGEN and NANCY STRAUS SUNDHEIM, and each one of them severally, his true and lawful attorneys-in-fact and agents, for such person and in such person's name, place and stead, to sign the Unisys Corporation Annual Report on Form 10-K for the year ended December 31, 2008, and any and all amendments thereto and to file such Annual Report on Form 10-K and any and all amendments thereto with the Securities and Exchange Commission, and does hereby grant unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as said person might or could do in person, hereby ratifying and confirming all that such attorney-in-fact and agents and each of them may lawfully do or cause to be done by virtue hereof.

Dated: February 12, 2009

/s/ J. P. Bolduc
J. P. Bolduc
Director

/s/ J. Edward Coleman
J. Edward Coleman
Chairman and Chief Executive Officer; Director

/s/ Craig Conway
Craig Conway
Director

/s/ James J. Duderstadt
James J. Duderstadt
Director

/s/ Henry C. Duques
Henry C. Duques
Lead Director

/s/ Matthew J. Espe
Matthew J. Espe
Director

/s/ Denise K. Fletcher
Denise K. Fletcher
Director

/s/ Edwin A. Huston
Edwin A. Huston
Director

/s/ Clayton M. Jones
Clayton M. Jones
Director

/s/ Leslie F. Kenne
Leslie F. Kenne
Director

/s/ Clay B. Lifflander
Clay B. Lifflander
Director

/s/ Theodore E. Martin
Theodore E. Martin
Director

/s/ Charles B. McQuade
Charles B. McQuade
Director

Exhibit 31.1

CERTIFICATION

I, J. Edward Coleman, certify that:

1. I have reviewed this annual report on Form 10-K of Unisys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2009

	/s/ J. Edward Coleman
Name:	J. Edward Coleman
Title:	Chairman of the Board and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Janet Brutschea Haugen, certify that:

1. I have reviewed this annual report on Form 10-K of Unisys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2009

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

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

I, J. Edward Coleman, President and Chief Executive Officer of Unisys Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2008 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: March 2, 2009

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

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

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT

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

(1) the Annual Report on Form 10-K of the Company for the year ended December 31, 2008 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: March 2, 2009

/s/ Janet Brutschea Haugen
Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

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