

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13E-4
ISSUER TENDER OFFER STATEMENT
(Pursuant to Section 13(e)(1) of the
Securities Exchange Act of 1934)

UNISYS CORPORATION
(Name of the Issuer and Person Filing Statement)

8 1/4% Convertible Subordinated Notes due 2006
(Title of Class of Securities)

909214 AZ 1
(CUSIP Number of Class of Securities)

Harold S. Barron
Senior Vice President, Secretary and General Counsel
Unisys Corporation
Township Line and Union Meeting Roads
Blue Bell, Pennsylvania 19424
(215) 986-5299

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications
on Behalf of Person Filing Statement)

Copies to:

Nancy S. Sundheim, Esquire
Unisys Corporation
Township Line and Union Meeting Roads
Blue Bell, Pennsylvania 19424

Gary L. Sellers, Esquire
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017

November 7, 1997
(Date Tender Offer First Published,
Sent or Given to Security Holders)

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee
\$613,739,700	\$122,748

* Calculated pursuant to Rule 0-11(a)(4) under the Securities Act of 1933, as amended, based on the average of the high and low prices of the 8 1/4% Convertible Subordinated Notes due 2006 reported in the over-the-counter market on October 31, 1997. Assumes that \$294 million in principal amount of the outstanding 8 1/4% Convertible Subordinated Notes due 2006 will be accepted for conversion pursuant to the Conversion Offer.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not Applicable
Form or Registration No.: Not Applicable
Filing Party: Not Applicable
Date Filed: Not Applicable

Item 1. SECURITY AND ISSUER.

- (a) The name of the issuer is Unisys Corporation, a Delaware corporation (the "Company"). The Company's principal executive office is located at Township Line and Union Meeting Roads, Blue Bell, Pennsylvania 19424 (telephone number (215) 986-4011).
- (b) This schedule relates to the offer by the Company to pay a cash premium equal to \$155.00 plus accrued and unpaid interest (the "Conversion Premium") for each \$1,000 in principal amount of the Company's 8 1/4% Convertible Subordinated Notes due 2006 (the "2006 Notes") that are converted into Common Stock, par value \$.01 per share (the "Common Stock"), of the Company, upon the terms and subject to the conditions set forth in the Offer of Premium Upon Conversion dated November 7, 1997 (the "Offer of Premium") and the related Notice of Special Conversion (the "Notice of Special Conversion") (copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively, and which together constitute the "Conversion Offer"). The information set forth under the captions "The Conversion Offer--Terms of Conversion Offer" and "The Conversion Offer--Security Ownership of 2006 Notes" in the Offer of Premium is incorporated herein by reference.
- (c) The information set forth under the caption "Price Range of Common Stock and 2006 Notes and Dividend Policy" in the Offer of Premium is incorporated herein by reference.
- (d) Inapplicable.

Item 2. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

- (a)-(b) The information set forth under the caption "Source and Amount of Funds" in the Offer of Premium is incorporated herein by reference.

Item 3. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE.

The information set forth under the captions "The Conversion Offer--Purpose of the Conversion Offer" and "The Conversion Offer--Capitalization" in the Offer of Premium is incorporated herein by reference.

- (a) The information set forth under the caption "The Conversion Offer--Purpose of the Conversion Offer" in the Offer of Premium is incorporated herein by reference.
- (b)-(d) None.

(e) The information set forth under the captions "Capitalization" and "Unaudited Pro Forma Consolidated Financial Information" in the Offer of Premium is incorporated herein by reference.

(f)-(j) None.

Item 4. INTEREST IN SECURITIES OF THE ISSUER.

The information set forth under the caption "Miscellaneous" in the Offer of Premium is incorporated herein by reference.

Item 5. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE ISSUER'S SECURITIES.

Except as stated under the caption "The Conversion Offer--Fees and Expenses" in the Offer of Premium, which is incorporated herein by reference, there are no contracts, arrangements, understandings or relationships relating, directly or indirectly, to the Conversion Offer (whether or not legally enforceable) between the Company or any of its executive officers or directors and any person with respect to any securities of the Company.

Item 6. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth under the caption "The Conversion Offer--Fees and Expenses" in the Offer of Premium is incorporated herein by reference.

Item 7. FINANCIAL INFORMATION.

(a) The information set forth under the captions "Selected Historical Consolidated Financial and Operating Information," "Capitalization" and "Incorporation of Certain Documents by Reference" in the Offer of Premium is incorporated herein by reference.

(b) The information set forth under the caption "Unaudited Pro Forma Consolidated Financial Information" in the Offer of Premium is incorporated herein by reference.

Item 8. ADDITIONAL INFORMATION.

(a) None.

(b) There are no applicable regulatory requirements which must be complied with or approvals which must be obtained in connection with the Conversion Offer other than compliance with the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder including, without limitation, Rule 13e-4 promulgated thereunder, and the requirements of state securities or "blue sky" laws.

(c) Inapplicable.

(d) None.

(e) None.

Item 9. MATERIAL TO BE FILED AS EXHIBITS.

(a)1 Offer of Premium dated November 7, 1997.

(a)2 Form of Notice of Special Conversion, together with Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a)3 Press Release issued by the Company on November 7, 1997

(a)4 Form of Letter to Clients.

(a)5 Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a)6 Form of Notice of Guaranteed Delivery.

(a)7 Form of Letter to Noteholders from Lawrence A. Weinbach, Chairman, Chief Executive Officer and President of the Company, dated November 7, 1997.

(c)1 Form of Conversion Offer Advisor Agreement between the Company and Bear, Stearns & Co. Inc.

(c)2 Form of Conversion Agent Agreement between the Company and The Bank of New York.

(c)3 Form of Information Agent Agreement between the Company and Georgeson & Company Inc.

(f)1 Questions and Answers.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

UNISYS CORPORATION

Dated: November 7, 1997

By: /s/Lawrence A. Weinbach

Lawrence A. Weinbach

OFFER OF PREMIUM

UNISYS CORPORATION
 OFFER OF PREMIUM UPON CONVERSION
 OF UP TO \$294,000,000 IN PRINCIPAL AMOUNT OF ITS
 8 1/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006

(\$299,000,000 IN PRINCIPAL AMOUNT OUTSTANDING)

THE CONVERSION OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 8, 1997, UNLESS EXTENDED.

Unisys Corporation, a Delaware corporation (the "Company"), hereby offers, upon the terms and subject to the conditions set forth in this Offer of Premium Upon Conversion (the "Offer of Premium") and the accompanying Notice of Special Conversion (the "Notice of Special Conversion" which, together with the Offer of Premium, constitute the "Conversion Offer") to pay a cash premium (the "Conversion Premium") equal to \$155.00 plus accrued and unpaid interest from September 15, 1997 to the Expiration Date (as defined below) for each \$1,000 in principal amount of its 8 1/4% Convertible Subordinated Notes due 2006 (the "2006 Notes," the holder of such a 2006 Note being referred to herein as a "Noteholder" or "Holder") that is converted into Common Stock, par value \$.01 per share (the "Common Stock"), of the Company prior to the Expiration Date. A Noteholder whose 2006 Notes are accepted for conversion pursuant to the Conversion Offer will receive 145.4545 shares of Common Stock (based upon the 2006 Notes' original conversion price of \$6.875 per share of Common Stock) and the Conversion Premium for each \$1,000 in principal amount of 2006 Notes which is accepted by the Company for conversion. Noteholders are not entitled to appraisal rights in connection with the Conversion Offer.

The Conversion Offer, proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on Monday, December 8, 1997, or, if the Conversion Offer is extended by the Company, in its sole discretion, the latest date and time to which the Conversion Offer is extended (the "Expiration Date"). Tenders of 2006 Notes for conversion may be withdrawn at any time prior to the Expiration Date and, unless accepted for conversion by the Company, may be withdrawn at any time after forty business days after the date of this Offer of Premium. If more than \$294 million in principal amount of 2006 Notes is properly tendered for conversion and not withdrawn prior to the Expiration Date, the Company will accept 2006 Notes for conversion pursuant to the Conversion Offer on a pro rata basis (subject to certain adjustments to avoid conversions of 2006 Notes other than in increments of \$1,000). Any 2006 Notes which are tendered but not accepted for conversion pursuant to the Conversion Offer will be returned to the tendering Noteholder. Holders of 2006 Notes which are not converted into Common Stock pursuant to the Conversion Offer will not be entitled to receive the Conversion Premium upon conversion of such 2006 Notes. The Company expressly reserves the right to (i) extend, amend or modify the terms of the Conversion Offer in any manner and (ii) withdraw or terminate the Conversion Offer at any time for any reason. See "The Conversion Offer -- Expiration Date; Extensions; Amendments; Termination."

The Common Stock and the 2006 Notes are traded on the New York Stock Exchange (the "NYSE") under the symbols "UIS" and "UIS 8C06," respectively. On November 6, 1997, the last reported sale price of the Common Stock on the NYSE was \$13 13/16 per share and the last reported sale price of the 2006 Notes in the over-the-counter market was \$212 per \$100 in principal amount of 2006 Notes.

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

NEITHER THIS TRANSACTION NOR THE SECURITIES TO BE ISSUED UPON CONVERSION OF THE 2006 NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFER OF PREMIUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

 The date of this Offer of Premium is November 7, 1997.

Neither the Company nor its Board of Directors makes any recommendation that Holders tender or refrain from tendering their 2006 Notes pursuant to the Conversion Offer and no one has been authorized to make any such recommendation on behalf of the Company. Each Holder should decide for himself or herself whether to tender 2006 Notes pursuant to the Conversion Offer. This is a matter for each Holder to determine after consultation with his or her advisors, including tax counsel, on the basis of his or her own financial position and requirements.

The Conversion Offer is being made by the Company in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), afforded by Section 3(a)(9) thereof. The Company, therefore, will not pay any commission or other remuneration to any broker, dealer, salesman or other person for soliciting conversions of 2006 Notes. Employees of the Company will answer inquiries concerning the Conversion Offer, but they will not receive additional compensation therefor. Georgeson & Company Inc., as the Information Agent, and The Bank of New York, as the Conversion Agent, will assist holders of 2006 Notes in obtaining copies of the materials relating to the Conversion Offer.

The Company has made no arrangements for and has no understanding with any broker, dealer, salesman or other person regarding the solicitation of conversions hereunder, and no person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Offer of Premium in connection with the Conversion Offer. If given or made, such information or representation must not be relied upon as having been authorized by the Company or any other person. Neither the delivery of this Offer of Premium nor any conversion pursuant to the Conversion Offer shall, under any circumstances, create any implication that there has been no change in the affairs of the Company and its subsidiaries since the respective dates as of which information is given herein.

This Offer of Premium does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation would be unlawful. The Conversion Offer is not being made to, and tenders will not be accepted from, Noteholders in any jurisdiction in which the Conversion Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction.

CONVERSION AGENT, INFORMATION AGENT AND ASSISTANCE

The Bank of New York is the Conversion Agent in connection with the Conversion Offer. All documents necessary to effect a conversion of 2006 Notes pursuant to the Conversion Offer, including the Notice of Special Conversion, should be addressed to the Conversion Agent at one of its addresses set forth on the back cover of this Offer of Premium. Any questions or requests for assistance may be directed to the Conversion Agent at The Bank of New York, Floor 7E, 101 Barclay Street, New York, New York 10286, Attn: Enrique Lopez, Reorganization Section; telephone: (212) 815-2742. Georgeson & Company Inc. is the Information Agent in connection with the Conversion Offer. Any questions or requests for assistance may also be directed to the Information Agent at Wall Street Plaza, New York, New York 10005; telephone: (800) 223-2064. Holders of 2006 Notes requiring additional information or assistance may contact Unisys Investor Relations, at Township Line and Union Meeting Roads, Blue Bell, Pennsylvania 19424; telephone: (215) 986-6999.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith is required to file periodic reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission") relating to its business, financial statements and other matters.

The Company has filed with the Commission an Issuer Tender Offer Statement on Schedule 13E-4 under the Exchange Act with respect to the Conversion Offer (the "Tender Offer Statement"). As permitted by the rules and regulations of the Commission, this Offer of Premium, which constitutes a part of the Tender Offer Statement, does not contain certain information, exhibits and undertakings contained in the Tender Offer Statement. Such additional information may be inspected at and obtained from the Commission in the manner set forth below. For further information, reference is made to the Tender Offer Statement and to the

exhibits thereto. Statements contained herein concerning any such documents are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Tender Offer Statement. Each such statement is qualified in its entirety by such reference.

Such periodic reports, proxy statements and other information filed by the Company with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Regional Offices of the Commission located in the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, and 7 World Trade Center, New York, New York 10048. Copies of such material may also be obtained from the Commission at prescribed rates by addressing written requests for such copies to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains a website that contains reports, proxy statements and other information regarding the Company. The address of the website is <http://www.sec.gov>. Such reports, proxy statements and other information are also available for inspection at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

INFORMATION INCORPORATED BY REFERENCE

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

1. The Company's Annual Report on Form 10-K for the year ended December 31, 1996.
2. The Company's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1997, June 30, 1997 and September 30, 1997.
3. The Company's Current Report on Form 8-K dated October 7, 1997.
4. The description of the Company's Common Stock contained in the registration statement of Burroughs Corporation ("Burroughs"), the predecessor to the Company, on Form 8-B dated May 22, 1984 (as amended on Form 8 dated May 7, 1991), filed pursuant to Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.
5. The description of the Company's Preferred Share Purchase Rights contained in the Registration Statement of Burroughs on Form 8-A dated March 11, 1986 (as amended on Forms 8 dated, respectively, April 16, 1986, July 8, 1987 and May 7, 1991 and on Form 8-A/A dated February 26, 1996), filed pursuant to Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.
6. The description of the 2006 Notes contained in the Company's prospectus dated March 4, 1996 filed pursuant to Rule 424(b) of the Securities Act of 1933, as amended (the "Securities Act").

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

The Company will provide without charge to each person to whom a copy of this Offer of Premium is delivered, on written or oral request, copies of any or all documents incorporated by reference herein (other than the exhibits thereto unless such exhibits are incorporated specifically by reference therein). Requests should be directed to Unisys Corporation, Township Line and Union Meeting Roads, Blue Bell, Pennsylvania 19424, Attention: Financial Communications; Telephone (215) 986-5777. In order to ensure timely delivery of the documents, any such request should be made not later than five business days prior to the Expiration Date.

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SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by the detailed information and financial statements, including the notes thereto, contained elsewhere in this Offer of Premium or incorporated herein by reference.

THE COMPANY

The Company is an information management company that provides information services, technology, software and customer support on a worldwide basis. The Company operates in the information management business segment.

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

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

THE CONVERSION OFFER

PURPOSE OF CONVERSION OFFER

The principal purpose of the Conversion Offer is to improve the Company's finances by reducing the Company's debt and interest expense and to provide the Company with additional financial flexibility. See "The Conversion Offer -- Purpose of the Conversion Offer".

THE CONVERSION OFFER

Upon the terms and subject to the conditions set forth herein and in the accompanying Notice of Special Conversion, the Company is offering to pay the Conversion Premium for each \$1,000 in principal amount of the 2006 Notes that is converted into Common Stock pursuant to the Conversion Offer prior to the Expiration Date; provided, however, that the Company will only accept for conversion pursuant to the Conversion Offer up to \$294 million in principal amount of the 2006 Notes. A Noteholder whose 2006 Notes are tendered for conversion pursuant to the Conversion Offer will receive 145.4545 shares of Common Stock (based upon the 2006 Notes' original conversion price of \$6.875 per share of Common Stock) and the Conversion Premium for each \$1,000 in principal amount of 2006 Notes which are accepted by the Company for conversion. See "The Conversion Offer -- Terms of the Conversion Offer."

EXPIRATION DATE; WITHDRAWALS

Subject to the conditions of the Conversion Offer, the Company will pay the Conversion Premium in connection with 2006 Notes validly tendered (and not withdrawn) prior to 5:00 p.m., New York City time, on the Expiration Date. The Conversion Offer will expire on the Expiration Date. Tenders of 2006 Notes pursuant to the Conversion Offer may be withdrawn at any time prior to the Expiration Date and, unless accepted for conversion by the Company pursuant to the Conversion Offer, may be withdrawn at any time after forty business days after the date of this Offer of Premium. See "The Conversion Offer -- Withdrawal of Tendered 2006 Notes" and "-- Expiration Date; Extensions; Amendments; Termination."

PRORATION

If more than \$294 million in principal amount of 2006 Notes is tendered for conversion pursuant to the Conversion Offer and not withdrawn prior to the Expiration Date, then the Company will, upon the terms and subject to the conditions of the Conversion Offer, accept 2006 Notes for conversion pursuant to the

Conversion Offer on a pro rata basis (with adjustments to avoid conversions of 2006 Notes other than in increments of \$1,000). Any 2006 Notes which are tendered but not accepted for conversion pursuant to the Conversion Offer will be returned to the tendering Noteholder. Holders of 2006 Notes which are not converted into Common Stock pursuant to the Conversion Offer will not be entitled to receive the Conversion Premium upon conversion of such 2006 Notes. See "The Conversion Offer -- Proration."

EXTENSIONS, AMENDMENTS AND TERMINATION

The Company expressly reserves the right to (i) extend, amend or modify the terms of the Conversion Offer in any manner and (ii) withdraw or terminate the Conversion Offer at any time for any reason. See "The Conversion Offer -- Expiration Date; Extensions; Amendments; Termination."

PROCEDURES FOR ACCEPTANCE OF CONVERSION OFFER

Each Holder of a 2006 Note wishing to accept the Conversion Offer and receive the Conversion Premium must (i) properly complete and sign the Notice of Special Conversion, or a facsimile thereof (all references in this Offer of Premium to the Notice of Special Conversion shall be deemed to include a facsimile thereof), in accordance with the instructions contained herein and therein, together with any required signature guarantees, and deliver the same to The Bank of New York, as Conversion Agent, at either of its addresses set forth on the back cover of this Offer of Premium, and cause certificates for the 2006 Notes to be received by the Conversion Agent at one of such addresses; (ii) transfer such 2006 Notes by book-entry transfer pursuant to The Depository Trust Company's Automated Tender Offer Program procedures (and a confirmation of such book-entry transfer must be received by the Conversion Agent prior to the Expiration Date); or (iii) comply with the guaranteed delivery procedures described herein. See "The Conversion Offer -- Procedures for Acceptance of Conversion Offer."

SPECIAL PROCEDURES FOR BENEFICIAL OWNERS

Any beneficial owner whose 2006 Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to accept the Conversion Offer should contact such registered holder promptly and instruct such registered holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on its own behalf, such owner must, prior to completing and executing a Notice of Special Conversion and delivering its 2006 Notes, either make appropriate arrangements to register ownership of the 2006 Notes in such owner's name or obtain a properly completed assignment from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the Expiration Date. See "The Conversion Offer -- Procedures for Acceptance of Conversion Offer."

GUARANTEED DELIVERY PROCEDURES

If a Holder desires to accept the Conversion Offer and time will not permit a Notice of Special Conversion or certificates representing 2006 Notes to reach the Conversion Agent before the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected in accordance with the guaranteed delivery procedures set forth in "The Conversion Offer -- Procedures for Acceptance of Conversion Offer."

ACCEPTANCE OF 2006 NOTES AND DELIVERY OF CONSIDERATION

Upon the terms and subject to the conditions of the Conversion Offer, including the reservation by the Company of the right to withdraw or terminate the Conversion Offer and certain other rights, the Company will accept for conversion pursuant to the Conversion Offer up to \$294 million in principal amount of the 2006 Notes that are properly tendered in the Conversion Offer and not withdrawn prior to the Expiration Date. Subject to such terms and conditions, the Common Stock and the Conversion Premium will be delivered as

promptly as practicable following the Expiration Date. See "The Conversion Offer -- Terms of the Conversion Offer" and "-- Expiration Date; Extensions; Amendments; Termination."

ACCRUED INTEREST ON 2006 NOTES

Subject to the terms and conditions of the Conversion Offer, interest accrued on the 2006 Notes from September 15, 1997 to the Expiration Date will be included in the Conversion Premium. No interest will accrue or be paid on the Conversion Premium. The 2006 Notes which are not tendered or which are not accepted for conversion pursuant to the Conversion Offer will continue to receive interest in accordance with the 2006 Notes.

COMMON AND PREFERRED STOCK

As of September 30, 1997, there were (i) 360.0 million authorized shares of Common Stock, of which approximately 175.8 million were issued and outstanding and approximately 151.0 million were reserved for issuance upon conversion of outstanding securities (including the 2006 Notes) or pursuant to various employee benefit plans and (ii) 40.0 million authorized shares of Preferred Stock, par value \$1 per share, of which the Company's Board of Directors has authorized the issuance of 30.0 million shares of Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") and 1.5 million shares of Junior Participating Preferred Stock (the "Junior Preferred Stock") and of which approximately 28.4 million shares of Series A Preferred Stock and no shares of Junior Preferred Stock were issued and outstanding. After September 30, 1997, approximately 33.7 million shares of Common Stock previously reserved for issuance were issued in connection with the call for redemption of the Company's 8 1/4% Convertible Subordinated Notes due 2000 (the "2000 Notes"). See "Recent Developments." If \$294 million in principal amount of the 2006 Notes is converted pursuant to the Conversion Offer, approximately 42.8 million of the shares of Common Stock previously reserved for issuance upon conversion of the 2006 Notes will be issued and outstanding. See "Description of Capital Stock."

MARKET PRICES

The Common Stock is listed on the NYSE under the symbol "UIS", and the Common Stock issuable upon conversion of the 2006 Notes has been listed for trading on the NYSE upon official notice of issuance. The 2006 Notes are also listed on the NYSE under the symbol "UIS 8C06". On November 6, 1997, the last reported sale price of the Common Stock on the NYSE was \$13 13/16 per share and the last reported sale price of the 2006 Notes in the over-the-counter market was \$212 per \$100 in principal amount of 2006 Notes.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

For a discussion of certain federal income tax consequences, see "Certain Federal Income Tax Considerations."

UNTENDERED 2006 NOTES

Holder of 2006 Notes who do not tender their 2006 Notes in the Conversion Offer or whose 2006 Notes are not accepted for conversion will continue to hold such 2006 Notes and will be entitled to all of the rights, and will be subject to all of the limitations, applicable thereto. To the extent that 2006 Notes are converted in the Conversion Offer, the trading market for, and liquidity of, the remaining 2006 Notes may become more limited. See "Risk Factors -- Certain Consequences to Non-Tendering Holders."

CONVERSION AGENT AND INFORMATION AGENT

The Bank of New York has been appointed as Conversion Agent in connection with the Conversion Offer. Questions and requests for assistance, requests for additional copies of this Offer of Premium or of the Notice of Special Conversion and requests for Notices of Guaranteed Delivery should be directed to Georgeson & Company Inc., which has been retained by the Company to act as Information Agent for the Conversion Offer. The addresses and telephone numbers of the Conversion Agent and Information Agent are set forth on the back cover of this Offer of Premium.

RECENT DEVELOPMENTS

On September 23, 1997, the Company announced the election of Lawrence A. Weinbach as the Company's Chairman, President and Chief Executive Officer. Mr. Weinbach is former managing partner/chief executive of Andersen Worldwide.

On October 7, 1997, the Company called all \$345 million outstanding principal amount of the 2000 Notes for redemption on October 27, 1997. The 2000 Notes were convertible, prior to the close of business on October 27, 1997 (the "Conversion Expiration Time"), into an aggregate of approximately 33.7 million shares of Common Stock. In connection with the call for redemption, the Company entered into a standby arrangement with an investment bank (the "Purchaser") providing that, if fewer than all of the 2000 Notes were surrendered for conversion prior to the Conversion Expiration Time, the Purchaser would purchase from the Company such number of shares of Common Stock as would have been issuable upon conversion of such unsurrendered 2000 Notes. Prior to the Conversion Expiration Time, approximately \$344 million in principal amount of the 2000 Notes were converted into approximately 33.6 million shares of Common Stock. The Purchaser purchased an additional 0.1 million shares of Common Stock pursuant to the standby arrangement, and the proceeds were used by the Company to effect the redemption of the 2000 Notes not surrendered for conversion. As a result, no 2000 Notes are currently outstanding, and the Company has issued all of the approximately 33.7 million shares of Common Stock previously reserved for issuance in respect thereof.

RISK FACTORS

This Offer of Premium contains or incorporates by reference certain forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the Company's actual results to differ materially from expectations. These include, but are not limited to, the risk factors set forth below. In addition to the other information contained and incorporated by reference herein, the following risk factors should be considered carefully in evaluating the Company and its business before tendering 2006 Notes pursuant to the Conversion Offer.

COMPETITIVE MARKETPLACE

The Company operates in an industry characterized by aggressive competition, rapid technological change, evolving technology standards and short product life cycles. The Company's competitors include computer hardware manufacturers, software providers and information services companies, many of which have greater financial and other resources than the Company and are substantially less leveraged. The Company competes primarily on the basis of product performance, service, technological innovation and price. Future operating results will depend on the Company's ability to design, develop, introduce, deliver or obtain new and innovative products and services on a timely and cost-effective basis; on its ability to mitigate the effects of competitive pressures and volatility in the information technology and services market on revenues, pricing and margins; and on its ability to effectively manage the shift of its business mix away from traditional high margin product and services offerings.

HIGH LEVERAGE AND CASH REQUIREMENTS

At both September 30, 1997 and December 31, 1996, the Company had approximately \$2.3 billion in principal amount of debt (inclusive of both the 2006 Notes and the 2000 Notes), an increase of approximately \$400 million from December 31, 1995. Total interest expense for the nine months ended September 30, 1997 and for the full year 1996 was \$179.4 million and \$249.7 million, respectively. Long-term debt of \$213.0 million is scheduled to mature in 1998.

At December 31, 1996, the Company had outstanding \$1.6 billion of Series A, B and C convertible preferred stock. Dividends paid on preferred stock in 1996 amounted to \$120.8 million (\$106.5 million -- Series A; \$14.3 million -- Series B and C). The Company redeemed all \$150 million of its outstanding Series B and C preferred stock for cash during the first half of 1997.

Cash requirements for the restructuring actions discussed below are expected to be approximately \$210 million in 1997 and a total of \$120 million in 1998 and thereafter. Although the Company expects annualized savings generated by the restructuring actions to more than offset cash requirements, several factors, particularly the timing of implementation of the remaining actions, could cause actual cash requirements and savings to differ from expectations.

During the first nine months of 1997, net cash used for continuing operations was \$463.2 million. For the year 1996, net cash used for continuing operations was \$64.6 million. In 1996, proceeds from the issuance of debt exceeded principal payments of debt by \$373.3 million. During 1995, net cash used for continuing operations was \$412.4 million. In 1995, discontinued operations provided cash of \$658.3 million, primarily from the sale of the Company's defense systems business.

In June 1997, the Company entered into a two-year \$200 million revolving credit facility replacing the prior one-year facility. The facility includes certain financial tests that must be met as conditions to a borrowing and provides that no loans may be outstanding for 20 consecutive days in each quarter. The facility may not be used to refinance other debt. The amount the Company may borrow at any given time is dependent upon the amount of certain of its accounts receivable and inventory.

The Company may require continued access to financing sources to meet its cash requirements for debt maturities, restructurings and operating activities. There can be no assurance that such access will always be available to the Company or that the Company would be permitted to incur additional indebtedness under its then existing set of restrictive covenants.

RESTRUCTURINGS AND NET LOSSES

The Company operates in an industry characterized by ongoing dramatic changes, including, in the case of the Company, a shift from higher margin to lower margin products and services. In order to improve its operating results, the Company has moved aggressively to realign its operations to reflect the rapidly changing market for information processing products and services. In 1995, the Company reported a net loss of \$624.6 million (\$4.35 per share), which included a fourth quarter pretax restructuring charge of \$717.6 million, primarily relating to the internal realignment of the Company into three operating units and covering work force reductions, product and program discontinuances and consolidation of office facilities and manufacturing capacity. For the year ended December 31, 1996, the Company reported net income of \$49.7 million, or a loss of \$0.41 per share after preferred dividends. In the fourth quarter of 1996, the Company reversed certain reserves established under the 1995 restructuring plan, due to lower-than-anticipated costs for work force reductions. This reversal was offset by charges of \$84 million relating to the refocusing and discontinuance of certain products and programs. The Company recorded special pretax charges of \$186.2 million in 1994, \$1.2 billion in 1991, \$181.0 million in 1990 and \$231.0 million in 1989. Principally due to these special charges, the Company had net losses of \$1.4 billion in 1991, \$436.7 million in 1990 and \$639.3 million in 1989. No assurance can be given that the Company will not experience losses in the future.

SYSTEMS INTEGRATION CONTRACTS

Certain of the Company's systems integration contracts are fixed-price contracts under which the Company assumes the risk for the delivery of the contracted services at an agreed-upon fixed price. The Company has at times experienced problems in performing certain of its fixed-price contracts on a profitable basis and has provided periodically for adjustments to the cost to complete such contracts. In the fourth quarter of 1995, the Company recorded a pretax charge for contract losses of \$129.0 million, primarily relating to a few large, multi-year, fixed-price systems integration contracts. In the first quarter of 1997, the Company recorded charges of approximately \$25 million for additional estimated contract costs identified during the quarter. There can be no assurance that the Company will not experience such contract performance problems in the future, which problems could affect the Company's results of operations.

IMPORTANCE OF INTERNATIONAL OPERATIONS

Revenue from international operations accounted for approximately 60% of the Company's total revenue in each of the last three years. There is no material concentration of revenues in any particular country. Due to its foreign operations, the Company is exposed to the effects of foreign exchange rate fluctuations on the U.S. dollar.

The Company uses foreign exchange forward contracts and options, generally having maturities of less than nine months, to reduce such exposure. Such contracts and options are entered into for the sole purpose of hedging certain transactional exposures. The Company does not hold or issue financial instruments for speculative trading purposes. In addition to fluctuations in foreign currency exchange rates, the Company's international business could be affected by many factors beyond its control, such as instability of foreign economies, U.S. and foreign government laws and policies affecting trade and investment, and governmental changes. Although the Company has not experienced any significant problems in foreign countries arising from such factors, there can be no assurance that such problems will not arise in the future.

NO DIVIDENDS ON COMMON STOCK; DIVIDEND LIMITATIONS

The Company has not declared or paid any cash dividends on its Common Stock since 1990 and does not anticipate declaring or paying dividends on the Common Stock in the foreseeable future. Certain of the Company's debt instruments and credit facilities contain financial covenants which limit the payment of dividends on the Company's capital stock. See "Price Range of Common Stock and 2006 Notes and Dividend Policy."

EFFECT OF CONVERSION OFFER ON EARNINGS OF THE COMPANY

The payment of the cash premium equal to \$155.00 for each \$1,000 in principal amount of 2006 Notes plus fees and expenses incurred in connection with the Conversion Offer will be treated as a current expense for financial reporting purposes. Therefore, if \$294 million in principal amount of the 2006 Notes is converted pursuant to the Conversion Offer, net income will be reduced by approximately \$46.1 million in the period in which the Conversion Offer is completed, which will be in the fourth quarter of 1997 unless the Conversion Offer is extended or withdrawn by the Company. See "Unaudited Pro Forma Consolidated Financial Information."

CERTAIN CONSEQUENCES TO NON-TENDERING HOLDERS

To the extent that 2006 Notes are tendered and accepted for conversion in the Conversion Offer, the trading market for the remaining 2006 Notes will become more limited. A security with a smaller outstanding principal amount available for trading (a smaller "float") may command a lower price than would a comparable security with a greater float. Therefore, the market price for the remaining 2006 Notes may be affected adversely to the extent that the number of 2006 Notes converted pursuant to the Conversion Offer reduces the float. The reduced float may also tend to make the trading price more volatile. Based upon the published guidelines of the NYSE, the Company does not believe that the conversion of up to \$294 million in principal amount of the 2006 Notes pursuant to the Conversion Offer would cause the remaining 2006 Notes to be delisted from the NYSE. Noteholders are not entitled to appraisal rights in connection with the Conversion Offer.

CHANGES IN OUTSTANDING SHARES

As of September 30, 1997, there were 360.0 million authorized shares of Common Stock, of which approximately 175.8 million shares were issued and outstanding and 151.0 million shares were reserved for issuance upon conversion of outstanding securities (including the 2000 Notes and the 2006 Notes) or pursuant to various employee benefit plans. After September 30, 1997, the Company issued approximately 33.7 million shares of Common Stock previously reserved for issuance in connection with the call for redemption of the 2000 Notes. If \$294 million in principal amount of the 2006 Notes is converted pursuant to the Conversion Offer, approximately 42.8 million of the shares of Common Stock previously reserved for issuance upon conversion of the 2006 Notes will be issued and outstanding. See "Description of Capital Stock," "Capitalization" and "Unaudited Pro Forma Consolidated Financial Information." The issuance of the additional shares

of Common Stock pursuant to the Conversion Offer represents a conversion rate of 145.4545 shares for each \$1,000 in principal amount of 2006 Notes accepted for conversion pursuant to the Conversion Offer (based upon the 2006 Notes' original conversion price of \$6.875 per share of Common Stock).

NO RECOMMENDATION

Neither the Company's Board of Directors nor the Company makes any recommendation to Noteholders as to whether to tender or refrain from tendering in the Conversion Offer. Participation in the Conversion Offer is voluntary and Noteholders should carefully consider whether to accept. Noteholders are urged to consult their financial and tax advisors in making their own decisions on what action to take in light of their own particular circumstances.

PRICE RANGE OF COMMON STOCK AND 2006 NOTES AND DIVIDEND POLICY

The following table sets forth the reported high and low sale prices of the Company's Common Stock as reported on the NYSE Composite Tape and of the 2006 Notes as reported in the over-the-counter market for the periods indicated.

	COMMON STOCK		2006 NOTES (a)	
	HIGH	LOW	HIGH	LOW
1997				
Fourth Quarter (through November 6, 1997).....	\$16 1/2	\$11 1/8	\$238	\$200
Third Quarter.....	15 3/4	7 3/8	230 1/2	130
Second Quarter.....	8	5 3/4	131	111
First Quarter.....	7 5/8	6 1/4	130 1/2	116 1/2
1996				
Fourth Quarter.....	7 3/4	5 7/8	131	113 1/2
Third Quarter.....	7 1/4	5 3/8	118	107
Second Quarter.....	9 1/8	5 5/8	143 1/4	108
First Quarter.....	7 3/4	5 3/8	114	105
1995				
Fourth Quarter.....	8 5/8	5 1/2	--	--
Third Quarter.....	11	7 5/8	--	--
Second Quarter.....	11 3/4	9 1/8	--	--
First Quarter.....	10 1/8	8 1/2	--	--

(a) The 2006 Notes were issued on March 8, 1996.

On November 6, 1997, the closing price of the Company's Common Stock on the NYSE was \$13 13/16 per share and the closing price of the 2006 Notes in the over-the-counter market was \$212 per \$100 principal amount of 2006 Notes. As of September 30, 1997, there were approximately 37,600 holders of record of shares of the Company's Common Stock and nine holders of record of the 2006 Notes.

Holders of Common Stock are entitled to receive dividends from funds legally available therefor, when, as and if declared by the Board of Directors of the Company, subject to the prior rights of holders of any preferred stock of the Company. The Company has not declared or paid dividends on the Common Stock since 1990. The indenture governing certain of the Company's senior indebtedness generally limits dividends (other than certain dividends in arrears on the Company's preferred stock), distributions, repurchases or redemptions paid or made with respect to the Company's capital stock after June 30, 1992 to an aggregate amount equal to 50% of aggregate cumulative consolidated net income (as defined in the indenture), plus capital contributions and proceeds of equity issuances, plus \$150 million.

CAPITALIZATION

The following table sets forth the capitalization of the Company at September 30, 1997 and as adjusted to give effect to (i) the assumed conversion of \$294 million in principal amount of the 2006 Notes into approximately 42.8 million shares of Common Stock pursuant to the Conversion Offer and (ii) the issuance by the Company of approximately 33.7 million shares of Common Stock on or prior to October 28, 1997 in connection with the call for redemption of the 2000 Notes (the "2000 Notes Conversion").

	SEPTEMBER 30, 1997	
	ACTUAL	AS ADJUSTED (a)
	(MILLIONS OF DOLLARS)	
Subordinated Debt:		
8 1/4% Convertible Subordinated Notes due 2000.....	\$ 344.8	\$ --
8 1/4% Convertible Subordinated Notes due 2006.....	299.0	5.0
Senior Debt, Excluding Current Portion.....	1,411.1	1,411.1
Total Long-Term Debt.....	2,054.9	1,416.1
Stockholders' Equity:		
Preferred Stock, par value \$1 per share, 40.0 million shares authorized; 28.4 million shares issued.....	1,420.2	1,420.2
Common Stock, par value \$.01 per share, 360.0 million shares authorized; actual: 176.5 million shares issued; as adjusted: 253.0 million shares issued.....	1.8	2.5
Accumulated Deficit.....	(744.4)	(790.5)
Other Capital.....	858.7	1,487.3
Total Stockholders' Equity.....	1,536.3	2,119.5
Total Capitalization.....	\$3,591.2	\$3,535.6

(a) "As Adjusted" information also includes an increase to Other Capital reflecting interest accrued to the redemption date for the 2000 Notes, a decrease to Other Capital reflecting unamortized costs associated with issuance of the 2006 Notes and the 2000 Notes, a decrease to Other Capital reflecting costs of the 2000 Notes Conversion, and an increase in Accumulated Deficit reflecting the cash premium equal to \$155.00 for each \$1,000 in principal amount of 2006 Notes plus fees and expenses incurred in connection with the Conversion Offer.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The following table presents selected historical consolidated financial data of the Company as of December 31, 1996 and 1995 and as of September 30, 1997 and 1996 and for the fiscal years and nine-month periods ended on such dates. The selected consolidated financial data for the full year periods have been derived from audited Consolidated Financial Statements of the Company. The selected consolidated financial data for the interim periods have been derived from unaudited interim consolidated financial statements of the Company. Such selected financial data should be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Company's Consolidated Financial Statements and the notes thereto incorporated herein by reference to the Company's Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q. Results of operations for interim periods should not be regarded as necessarily indicative of the results of operations for the full year. In the opinion of the Company's management, the unaudited interim statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for such interim periods. The comparability of the results for the periods presented is significantly affected by certain events, as described in Note 2 to the Company's Consolidated Financial Statements.

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,	
	1997	1996	1996	1995 (a)
	(MILLIONS, EXCEPT PER SHARE DATA AND RATIOS)			
RESULTS OF OPERATIONS DATA:				
Revenue.....	\$4,737.4	\$4,559.0	\$6,370.5	\$6,342.3
Operating Income (Loss).....	396.3	180.5	327.4	(562.1)
Interest Expense.....	179.4	185.5	249.7	202.1
Income (Loss) From Continuing Operations Before Income Taxes and Extraordinary Item.....	177.9	9.2	93.7	(781.1)
Income (Loss) From Continuing Operations Before Extraordinary Item.....	112.1	6.1	61.8	(627.3)
Income From Discontinued Operations.....	--	--	--	2.7
Extraordinary Item.....	--	--	(12.1)	--
Net Income (Loss).....	112.1	6.1	49.7	(624.6)
Earnings (Loss) From Continuing Operations Per Common Share				
Primary.....	.16	(.49)	(.34)	(4.37)
Fully Diluted.....	.16	(.49)	(.34)	(4.37)
Number of Shares Used in Earnings Per Share Computation				
Primary.....	176.8	172.4	172.6	171.2
Fully Diluted.....	176.8	172.4	172.6	171.2
Ratio of Earnings to Fixed Charges.....	1.76	(b)	1.28	(b)
BALANCE SHEET DATA (AT END OF PERIOD):				
Cash, Cash Equivalents and Marketable Securities.....	\$ 555.1	\$ 843.2	\$1,034.8	\$1,119.7
Working Capital.....	282.3	170.4	668.0	71.3
Total Assets.....	6,151.4	6,698.7	6,967.1	7,113.2
Current Debt.....	233.8	448.4	19.7	355.6
Long-Term Debt.....	2,054.9	1,822.2	2,271.4	1,533.3
Total Debt.....	2,288.7	2,270.6	2,291.1	1,888.9
Preferred Stock.....	1,420.2	1,570.2	1,420.2	1,570.3
Common Stockholders' Equity.....	116.1	171.0	185.8	289.9
Common Stockholders' Equity per Share.....	.66	.98	1.06	1.69

(a) For the year ended December 31, 1995, the Company recorded special pretax charges of \$846.6 million.

(b) Earnings for the nine months ended September 30, 1996 and the year ended December 31, 1995 were inadequate to cover fixed charges by approximately \$4.8 million and \$776.1 million, respectively.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following pro forma consolidated financial data of the Company consist of unaudited Pro Forma Condensed Consolidated Balance Sheet Data as of December 31, 1996 and September 30, 1997 (the "Pro Forma Balance Sheet Data") and unaudited Pro Forma Condensed Consolidated Statement of Income Data for the year ended December 31, 1996 and the nine months ended September 30, 1997 (the "Pro Forma Statement of Income Data" and, collectively with the Pro Forma Balance Sheet Data, the "Pro Forma Information"). The Pro Forma Information gives effect to (i) the Conversion Offer, assuming that \$294 million in principal amount of the 2006 Notes is converted into Common Stock and that the cash premium equal to \$155.00 for each \$1,000 in principal amount of 2006 Notes plus fees and expenses incurred in connection with the Conversion Offer are paid, and (ii) the 2000 Notes Conversion. The Pro Forma Balance Sheet Data are presented as if both the Conversion Offer and the 2000 Notes Conversion had been consummated on December 31, 1996 and September 30, 1997, respectively. The Pro Forma Statement of Income Data are presented as if the Conversion Offer and the 2000 Notes Conversion had been consummated as of the beginning of the periods shown.

The Pro Forma Information should be read in conjunction with the separate historical financial statements of the Company, the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference into this Offer of Premium. The Pro Forma Information does not purport to represent what the Company's financial position or results of operations would actually have been if the aforementioned transactions in fact had occurred on such date or at the beginning of the period indicated or to project the Company's financial position or results of operations at any future date or for any future period.

	NINE MONTHS ENDED SEPTEMBER 30, 1997 (a)	YEAR ENDED DECEMBER 31, 1996 (a)
	-----	-----
	(MILLIONS, EXCEPT PER SHARE DATA AND RATIOS)	
RESULTS OF OPERATIONS DATA:		
Revenue.....	\$ 4,737.4	\$ 6,370.5
Operating Income.....	396.3	327.4
Interest Expense.....	139.9	196.9
Income Before Income Taxes and Extraordinary Item.....	218.9	148.5
Income Before Extraordinary Item.....	138.7	97.4
Extraordinary Item.....	--	(12.1)
Net Income.....	138.7	85.3
Earnings (Loss) Before Extraordinary Item Per Common Share		
Primary.....	.21	(.09)
Fully Diluted.....	.21	(.09)
Number of Shares Used in Earnings Per Share Computation		
Primary.....	253.3	249.1
Fully Diluted.....	253.3	249.1
Ratio of Earnings to Fixed Charges.....	2.14	1.55
BALANCE SHEET DATA (AT END OF PERIOD):		
Cash, Cash Equivalents and Marketable Securities.....	\$ 505.2	\$ 984.9
Working Capital.....	236.7	625.6
Total Assets.....	6,091.5	6,905.5
Current Debt.....	233.8	19.7
Long-Term Debt.....	1,416.1	1,632.4
	-----	-----
Total Debt.....	1,649.9	1,652.1
Preferred Stock.....	1,420.2	1,420.2
Common Stockholders' Equity.....	699.3	770.7
Common Stockholders' Equity per Share.....	2.77	3.07

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(a) Results of Operations Data exclude the one-time charge against net income in the fourth quarter of 1997 for the cash premium equal to \$155.00 for each \$1,000 in principal amount of 2006 Notes plus fees and expenses incurred in connection with the Conversion Offer, estimated at approximately \$46.1 million.

THE CONVERSION OFFER

GENERAL

NEITHER THE COMPANY'S BOARD OF DIRECTORS NOR THE COMPANY MAKES ANY RECOMMENDATION TO HOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING IN THE CONVERSION OFFER. PARTICIPATION IN THE CONVERSION OFFER IS VOLUNTARY AND HOLDERS OF 2006 NOTES SHOULD CAREFULLY CONSIDER WHETHER TO ACCEPT. HOLDERS OF 2006 NOTES ARE URGED TO CONSULT THEIR FINANCIAL AND TAX ADVISORS IN MAKING THEIR OWN DECISIONS ON WHAT ACTION TO TAKE IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

PURPOSE OF THE CONVERSION OFFER

The principal purpose of the Conversion Offer is to improve the Company's finances by reducing the Company's debt and interest expense and to provide the Company with additional financial flexibility.

Other than pursuant to the Conversion Offer, the Company has no present plans or intention to make acquisitions of or offers for the 2006 Notes. However, the Company will continue to monitor the market for the 2006 Notes and reserves the right, in its sole discretion, to acquire and to make offers for 2006 Notes subsequent to the Expiration Date for cash or in exchange for other securities, by optional redemption or otherwise. The terms of any such acquisitions or offers may differ from the terms of the Conversion Offer. Such acquisitions or offers, if any, may depend upon, among other things, the price and availability of the 2006 Notes and the Company's tax position. The 2006 Notes are not redeemable prior to March 15, 1999. After March 15, 1999, the 2006 Notes are redeemable by the Company, as a whole or in part, at any time upon at least 20 but not more than 60 days' notice, at the following prices (expressed as percentages of principal amount), together with accrued interest to the date fixed for redemption:

If redeemed during the 12-month period beginning March 15:

YEAR	PERCENTAGE
-----	-----
1999.....	105.775%
2000.....	104.950
2001.....	104.125
2002.....	103.300
2003.....	102.475
2004.....	101.650
2005.....	100.825

TERMS OF THE CONVERSION OFFER

Upon the terms and subject to the conditions set forth herein and in the accompanying Notice of Special Conversion, the Company is offering to pay a Conversion Premium equal to \$155.00 in cash plus accrued and unpaid interest from September 15, 1997 to the Expiration Date for each \$1,000 in principal amount of 2006 Notes that is converted into Common Stock pursuant to the Conversion Offer prior to the Expiration Date; provided, however, that the Company will only accept for conversion pursuant to the Conversion Offer up to \$294 million in principal amount of the 2006 Notes. A Noteholder whose 2006 Notes are tendered for conversion pursuant to the Conversion Offer will receive 145.4545 shares of Common Stock (based upon the 2006 Notes' original conversion price of \$6.875 per share of Common Stock) and the Conversion Premium for each \$1,000 in principal amount of 2006 Notes which is accepted by the Company for conversion. Fractional shares of Common Stock will not be issued in the Conversion Offer. A person otherwise entitled to a fractional share of Common Stock pursuant to the terms of the Conversion Offer will receive cash equal to the closing sale price of such fractional share on the NYSE on the Expiration Date.

Upon the terms and subject to the conditions set forth herein and in the Notice of Special Conversion, the Company will accept 2006 Notes validly tendered and not withdrawn as promptly as practicable after the Expiration Date unless the Conversion Offer has been withdrawn or terminated. The Company will not accept 2006 Notes for conversion pursuant to the Conversion Offer prior to the Expiration Date. The Company expressly reserves the right, in its sole discretion, to delay acceptance of 2006 Notes tendered under the Conversion Offer, or the payment of the Conversion Premium (subject to Rules 13e-4 and 14e-1 under the Exchange Act, which require that the Company consummate the Conversion Offer or return the 2006 Notes deposited by or on behalf of the Holders thereof promptly after the termination or withdrawal of the Conversion Offer), or to withdraw or terminate the Conversion Offer and not accept any 2006 Notes at any time for any reason. In all cases, except to the extent waived by the Company or described herein, delivery of Common Stock and the Conversion Premium upon conversion of 2006 Notes pursuant to the Conversion Offer will be made only after timely receipt by the Conversion Agent of 2006 Notes (or confirmation of book-entry transfer of 2006 Notes), a properly completed and duly executed Notice of Special Conversion and any other documents required thereby.

As of November 6, 1997, there was \$299.0 million in principal amount of 2006 Notes outstanding. This Offer of Premium, together with the Notice of Special Conversion, is being sent to all registered Holders as of November 6, 1997.

The Company shall be deemed to have accepted for conversion, pursuant to the Conversion Offer, validly tendered 2006 Notes (or defectively tendered 2006 Notes with respect to which the Company has waived such defect) when, as and if the Company has given oral or written notice thereof to the Conversion Agent. The Conversion Agent will act as agent for the tendering Holders for the purpose of receiving the Common Stock and the Conversion Premium from the Company and remitting such Common Stock and Conversion Premium to tendering Holders. Upon the terms and subject to the conditions of the Conversion Offer, delivery of Common Stock and the Conversion Premium due upon conversion of the 2006 Notes accepted pursuant to the Conversion Offer will be made as promptly as practicable after the Expiration Date.

If any tendered 2006 Notes are not accepted for conversion pursuant to the Conversion Offer because of an invalid tender, the occurrence of certain other events set forth herein or otherwise, unless otherwise requested by the Holder under "Special Delivery Instructions" in the Notice of Special Conversion, such 2006 Notes will be returned, without expense, to the tendering Holder thereof (or, in the case of 2006 Notes tendered by book-entry transfer into the Conversion Agent's account at DTC (as defined below), such 2006 Notes will be credited to an account maintained at DTC designated by the participant therein who so delivered such 2006 Notes), as promptly as practicable after the Expiration Date or the withdrawal or termination of the Conversion Offer.

Holders who tender 2006 Notes in the Conversion Offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the Notice of Special Conversion, transfer taxes with respect to the conversion of 2006 Notes pursuant to the Conversion Offer. See "-- Fees and Expenses."

PRORATION

If more than \$294 million in principal amount of the 2006 Notes is properly tendered and not withdrawn prior to the Expiration Date, then the Company will, upon the terms and subject to the conditions of the Conversion Offer, accept 2006 Notes for conversion pursuant to the Conversion Offer on a pro rata basis based on the amount of 2006 Notes validly tendered (with adjustments to avoid conversions of 2006 Notes other than in increments of \$1,000). Any 2006 Notes which are tendered but not accepted for conversion pursuant to the Conversion Offer will be returned to the tendering Noteholders. Holders of 2006 Notes which are not converted into Common Stock pursuant to the Conversion Offer will not be entitled to receive the Conversion Premium upon conversion of such 2006 Notes.

In the event that proration is required, the Company does not expect that it would be able to announce the final proration factor or to commence delivery of Common Stock and the Conversion Premium for any 2006 Notes converted pursuant to the Conversion Offer until approximately seven NYSE trading days after

the Expiration Date, because of the difficulty in determining the number of 2006 Notes validly tendered (including 2006 Notes tendered pursuant to the guaranteed delivery procedure described below) and not withdrawn prior to the Expiration Date. Preliminary results of proration will be announced by press release as promptly as practicable after the Expiration Date. Holders of 2006 Notes may obtain such preliminary information from the Information Agent and may also be able to obtain such information from their brokers.

EXPIRATION DATE; EXTENSIONS; AMENDMENTS; TERMINATION

The Conversion Offer will expire on the Expiration Date. The Company reserves the right to extend the period of time during which the Conversion Offer is open, in its sole discretion at any time and from time to time, by giving oral or written notice to the Conversion Agent and by timely public announcement communicated, unless otherwise required by applicable law or regulation, by making a release to the Dow Jones News Service. During any extension of the Conversion Offer, all 2006 Notes previously tendered pursuant to the Conversion Offer and not withdrawn will remain subject to the Conversion Offer.

The Company expressly reserves the right to (i) amend or modify the terms of the Conversion Offer in any manner and (ii) withdraw or terminate the Conversion Offer, at any time for any reason. If the Company makes a material change in the terms of the Conversion Offer, the Company will extend the Conversion Offer. The minimum period for which the Conversion Offer will be extended following a material change will depend upon the facts and circumstances, including the relative materiality of the change. With respect to a change in the consideration offered to holders of 2006 Notes, the Conversion Offer will be extended for a minimum of ten business days following public announcement of such change. Any withdrawal or termination of the Conversion Offer will be followed as promptly as practicable by public announcement thereof. In the event the Company withdraws or terminates the Conversion Offer, it will give immediate notice to the Conversion Agent, and all 2006 Notes theretofore tendered pursuant to the Conversion Offer will be returned promptly to the tendering Holders thereof. See "-- Withdrawal of Tendered 2006 Notes."

PROCEDURES FOR ACCEPTANCE OF CONVERSION OFFER

To tender 2006 Notes pursuant to the Conversion Offer: (i) a properly completed and duly executed Notice of Special Conversion (or facsimile thereof) and any other documents required by the Notice of Special Conversion must be received by the Conversion Agent at one of its addresses set forth on the back cover of this Offer of Premium and certificates for the 2006 Notes to be tendered must be received by the Conversion Agent at one of such addresses by the Expiration Date; (ii) such 2006 Notes must be delivered by book-entry transfer pursuant to the procedures of ATOP described below (and a confirmation of such delivery received by the Conversion Agent) by the Expiration Date; or (iii) the guaranteed delivery procedure described below must be complied with.

The Company understands that the Conversion Agent will make a request to establish accounts with respect to the 2006 Notes at The Depository Trust Company ("DTC") for the purpose of facilitating the Conversion Offer, and subject to the establishment thereof, any financial institution that is a participant in DTC's system may make book-entry delivery of 2006 Notes by causing DTC to transfer such 2006 Notes into the Conversion Agent's account with respect to the 2006 Notes in accordance with DTC's Automated Tender Offer Program ("ATOP") procedures for such book-entry transfers. The acceptance for conversion of 2006 Notes so tendered will only be made after timely confirmation of the book-entry transfer of such 2006 Notes into the Conversion Agent's account, and timely receipt by the Conversion Agent of an Agent's Message (as such term is defined in the next sentence) and any other documents required by the Notice of Special Conversion. The term "Agent's Message" means a message, transmitted by DTC and received by the Conversion Agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from a participant tendering 2006 Notes that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the Notice of Special Conversion, and that the Company may enforce such agreement against such participant. Holders of 2006 Notes tendered pursuant to the ATOP procedures do not have to deliver a Notice of Special Conversion. Although delivery of 2006 Notes may be effected through book-entry transfer in accordance with the ATOP procedures without delivery of a Notice of Special Conversion, any other documents required to be delivered

pursuant to the Notice of Special Conversion must, as described herein, be received by the Conversion Agent at one of its addresses set forth on the back cover of this Offer of Premium by the Expiration Date, or the guaranteed delivery procedure described below must be complied with. Delivery of the Notice of Special Conversion and any other required documents to DTC does not constitute delivery to the Conversion Agent.

Except as otherwise provided below, all signatures on a Notice of Special Conversion must be guaranteed by a firm that is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or by a commercial bank or trust company having an office, branch or agency in the United States each of which participates in a Medallion Program approved by the Securities Transfer Association, Inc. (each being an "Eligible Institution"). Signatures on a Notice of Special Conversion need not be guaranteed if (i) the Notice of Special Conversion is signed by the registered Holder of the 2006 Notes tendered therewith and such Holder has not completed the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" on the Notice of Special Conversion or (ii) such 2006 Notes are tendered for the account of an Eligible Institution. See Instructions 1 and 4 of the Notice of Special Conversion.

If a Holder desires to tender 2006 Notes pursuant to the Conversion Offer and cannot deliver all required documents to the Conversion Agent by the Expiration Date, such 2006 Notes may nevertheless be tendered if all of the following conditions are met:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company is received by the Conversion Agent (as provided below) by the Expiration Date; and

(iii) the certificates for such 2006 Notes (or a confirmation of a book-entry transfer of such 2006 Notes into the Conversion Agent's account at DTC), together with a properly completed and duly executed Notice of Special Conversion (or facsimile thereof) and any other documents required by the Notice of Special Conversion, are received by the Conversion Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by mail, or, if from an Eligible Institution, by facsimile transmission, to the Conversion Agent, and must include a guarantee by an Eligible Institution in the form set forth in such Notice.

Under federal income tax laws with respect to backup withholding, the Conversion Agent may be required to withhold 31% of the amount of any payments made to certain Holders pursuant to the Conversion Offer. In order to avoid such backup withholding, each tendering Holder and, if applicable, each other payee, should complete and sign the Substitute Form W-9 included as part of the Notice of Special Conversion so as to provide the information and certification necessary to avoid backup withholding. Certain Holders (including, among others, all corporations and certain foreign individuals) are exempt from this backup withholding requirement. In order for a foreign individual to qualify for an exemption from backup withholding, that Holder must submit a statement, signed under penalties of perjury, attesting to his exempt status. Such statements can be obtained from the Conversion Agent. See Instruction 9 of the Notice of Special Conversion.

Cash payments made pursuant to the Conversion Offer to a foreign Noteholder or his agent will be subject to withholding of federal income tax unless such foreign Holder provides the Conversion Agent with a certification, in form and substance satisfactory to the Company, in which such Holder certifies that such Holder's conversion of 2006 Notes into Common Stock and cash (including any cash received in lieu of a fractional share of Common Stock) qualifies as a sale or exchange, rather than as a dividend, for federal income tax purposes. The withholding rate is ordinarily 30% unless the foreign Holder is eligible for a reduced tax treaty rate with respect to dividend income, in which case withholding will be made at the reduced treaty rate, or the foreign Holder otherwise establishes to the satisfaction of the Conversion Agent that such Holder is exempt from tax on such conversion. See Instruction 10 of the Notice of Special Conversion. Foreign Noteholders are urged to consult their own tax advisors regarding the application of federal income tax

withholding, including eligibility for a withholding tax reduction or exemption or for a refund of all or a portion of the tax withheld. See "Certain Federal Income Tax Considerations."

The tender of 2006 Notes pursuant to the Conversion Offer in accordance with the procedures described above will constitute an agreement between the tendering Holder and the Company upon the terms and subject to the conditions of the Conversion Offer, including the tendering Holder's representation and warranty that (i) such Holder owns the 2006 Notes being tendered within the meaning of Rule 14e-4 under the Exchange Act and (ii) the tender of such 2006 Notes complies with Rule 14e-4.

It is a violation of Rule 14e-4 under the Exchange Act for a person, directly or indirectly, to tender 2006 Notes for his or her own account unless the person so tendering (i) has a net long position equal to or greater than the number of (a) 2006 Notes tendered or (b) other securities immediately convertible into, or exercisable or exchangeable for, the number of 2006 Notes tendered and will acquire such 2006 Notes for tender by conversion, exercise or exchange of such other securities and (ii) will cause such 2006 Notes to be delivered in accordance with the terms of the Conversion Offer. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. The tender of 2006 Notes pursuant to any one of the procedures described above will constitute the tendering Holder's representation and warranty that (i) such Holder has a net long position in the 2006 Notes being tendered within the meaning of Rule 14e-4 under the Exchange Act and (ii) the tender of such 2006 Notes complies with Rule 14e-4.

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for conversion of any tender of 2006 Notes will be determined by the Company, in its sole discretion, which determination shall be final and binding. The Company reserves the absolute right to reject any or all tenders of 2006 Notes determined by it not to be in proper form or the acceptance for conversion of, or conversion of, 2006 Notes that may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any defect or irregularity in any tender of 2006 Notes. None of the Company, the Information Agent, the Conversion Agent or any other person will be under any duty to give notification of any defect or irregularity in tenders or incur any liability for failure to give any such notification.

THE METHOD OF DELIVERY OF ALL DOCUMENTS IN CONNECTION WITH TENDERING PURSUANT TO THE CONVERSION OFFER IS AT THE ELECTION AND RISK OF THE TENDERING HOLDER AND, EXCEPT AS OTHERWISE PROVIDED IN THE NOTICE OF SPECIAL CONVERSION, DELIVERY WILL BE DEEMED MADE ONLY WHEN DOCUMENTS ARE ACTUALLY RECEIVED BY THE CONVERSION AGENT. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED, AND SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY.

Tenders of 2006 Notes involving any irregularities will not be deemed to have been made until such irregularities have been cured or waived. 2006 Notes received by the Conversion Agent that are not validly tendered and as to which the irregularities have not been cured or waived will be returned by the Conversion Agent to the tendering Holder (or, in the case of 2006 Notes tendered by book-entry transfer into the Conversion Agent's account at DTC that are not validly tendered and as to which the irregularities have not been cured or waived, will be credited to an account maintained at DTC designated by the participant therein who so delivered such 2006 Notes), unless otherwise requested by the Holder in the Notice of Special Conversion, as promptly as practicable after the Expiration Date or the withdrawal or termination of the Conversion Offer.

WITHDRAWAL OF TENDERED 2006 NOTES

Tenders of 2006 Notes made pursuant to the Conversion Offer may be withdrawn at any time prior to the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn at any time after 40 business days after the date of this Offer of Premium unless theretofore accepted for conversion as provided in this Offer of Premium.

To be effective, a written or (where permitted) facsimile transmission notice of withdrawal must be timely received by the Conversion Agent at one of its addresses set forth on the back cover of this Offer of Premium and must specify the name of the person who tendered the 2006 Notes to be withdrawn and the amount of 2006 Notes to be withdrawn. If the 2006 Notes to be withdrawn have been delivered to the Conversion Agent, a signed notice of withdrawal with signatures guaranteed by an Eligible Institution (except in the case of 2006 Notes tendered by an Eligible Institution) must be submitted prior to the release of such 2006 Notes. In addition, such notice must specify, in the case of 2006 Notes tendered by delivery of certificates, the name of the registered Holder (if different from that of the tendering Holder) and the serial numbers shown on the particular certificates evidencing the 2006 Notes to be withdrawn or, in the case of 2006 Notes tendered by book-entry transfer, the name and number of the account at DTC to be credited with the withdrawn 2006 Notes. Withdrawals may not be rescinded and 2006 Notes withdrawn will thereafter be deemed not validly tendered for purposes of the Conversion Offer. However, withdrawn 2006 Notes may be retendered by again following one of the procedures described in "-- Procedures for Acceptance of Conversion Offer" at any time prior to the Expiration Date.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding. None of the Company, the Information Agent, the Conversion Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

NOTICE OF SPECIAL CONVERSION

The Notice of Special Conversion contains, among other things, the following terms and conditions, which are part of the Conversion Offer:

The party tendering 2006 Notes for conversion (the "Transferor") exchanges, assigns and transfers the 2006 Notes, as applicable, to the Company and irrevocably constitutes and appoints the Conversion Agent as the Transferor's agent and attorney-in-fact to cause the 2006 Notes to be assigned, transferred and converted. The Transferor represents and warrants that it has full power and authority to tender, exchange, convert, assign and transfer the 2006 Notes and to acquire Common Stock issuable upon the conversion of such tendered 2006 Notes, and that, when the same are accepted for conversion, the Company will acquire good and unencumbered title to the tendered 2006 Notes, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The Transferor also warrants that it will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the conversion, assignment and transfer of tendered 2006 Notes or transfer ownership of such 2006 Notes on the account books maintained by DTC. All authority conferred by the Transferor will survive the death, bankruptcy or incapacity of the Transferor and every obligation of the Transferor shall be binding upon the heirs, legal representatives, successors, assigns, executors and administrators of such Transferor.

CONVERSION AGENT AND INFORMATION AGENT

The Bank of New York has been appointed as Conversion Agent for the Conversion Offer. Deliveries to the Conversion Agent should be made as follows:

By Mail:

The Bank of New York
Floor 7E
101 Barclay Street
New York, NY 10286
Attn: Enrique Lopez
Reorganization Section

By Hand or Overnight Courier:

The Bank of New York
101 Barclay Street
Corporate Trust
Securities Window
Ground Level
New York, NY 10286

By Facsimile: (212) 571-3080 (for Eligible Institutions only)

For information call: (212) 815-2742

Georgeson & Company Inc. has been retained by the Company as Information Agent for the Conversion Offer. Questions and requests for assistance regarding the Conversion Offer, requests for additional copies of this Offer of Premium or of the Notice of Special Conversion and requests for Notice of Guaranteed Delivery may be directed to the Information Agent at Wall Street Plaza, New York, New York 10005; telephone (800) 223-2064 ; Banks and Brokers please call (800) 445-1790.

The Company will pay the Conversion Agent and the Information Agent reasonable and customary fees for their services and will reimburse them for all of their reasonable out-of-pocket expenses in connection therewith.

FINANCIAL ADVISOR

The Company has retained Bear, Stearns & Co. Inc. ("Bear Stearns") to render certain financial advisory and investment banking services, including certain services in connection with the Conversion Offer. Bear Stearns has not been retained to render, and has not rendered, an opinion as to the fairness of the Conversion Offer. For its services as financial advisor relating to the Conversion Offer, Bear Stearns has received a fee of \$250,000. Bear Stearns also will be reimbursed by the Company for its reasonable out-of-pocket expenses and is entitled to be indemnified by the Company against certain liabilities, including certain liabilities under the federal securities laws.

ACCRUED INTEREST ON 2006 NOTES

Although the Company is not required, pursuant to the terms of 2006 Notes, to pay accrued interest to holders of 2006 Notes that are converted pursuant to the Conversion Offer, interest accrued on the 2006 Notes from September 15, 1997 to the Expiration Date will be included in the Conversion Premium. No interest will accrue or be paid on the Conversion Premium. 2006 Notes which are not tendered or which are not accepted for conversion will continue to receive interest in accordance with the 2006 Notes. In the event that the Conversion Offer expires on December 8, 1997 without being extended, the accrued interest payable to tendering Holders will be \$19.0208 for each \$1,000 in principal amount of 2006 Notes tendered.

SECURITY OWNERSHIP OF 2006 NOTES

As of the date of this Offer of Premium, none of the officers and directors of the Company owns any 2006 Notes.

FEES AND EXPENSES

Tendering Noteholders will not be obligated to pay brokerage commissions, solicitation fees, or, subject to Instruction 5 of the Notice of Special Conversion, transfer taxes on the acquisition of the 2006 Notes by the Company or the issuance of shares of Common Stock in the Conversion Offer. The total cash expenditures (excluding the Conversion Premium) to be incurred by the Company in connection with the Conversion Offer, including printing, accounting and legal fees, the fees and expenses of the Conversion Agent and the Information Agent and the fees and expenses of Bear Stearns described above, are estimated to be approximately \$500,000. The Company will not pay any commission or other remuneration to any broker, dealer, salesman or other person for soliciting tenders of 2006 Notes in connection with the Conversion Offer.

DESCRIPTION OF CAPITAL STOCK

The following descriptions do not purport to be complete and are subject to, and qualified in their entirety by reference to, the more complete descriptions thereof set forth in (1) the Company's Certificate of Incorporation; (2) the Company's By-Laws and (3) the Rights Agreement (as defined below), all of which have been filed with the Commission and are incorporated herein by reference.

The Company's authorized capital stock consists of 360.0 million shares of Common Stock, par value \$.01 per share, and 40.0 million shares of Preferred Stock, par value \$1 per share. Under the Company's

Certificate of Incorporation, the Board of Directors may, by resolution, establish series of Preferred Stock having such voting powers, and such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as the Board of Directors may determine.

As of September 30, 1997, there were approximately 175.8 million shares of Common Stock outstanding, and the Company had reserved approximately 151.0 million additional shares of Common Stock for issuance pursuant to various employee benefit plans and upon conversion of outstanding securities, including the 2000 Notes and the 2006 Notes. After September 30, 1997, the Company issued approximately 33.7 million shares of Common Stock previously reserved for issuance in connection with the 2000 Notes Conversion.

The Board of Directors has authorized the issuance of 30.0 million shares of Series A Preferred Stock and 1.5 million shares of Junior Preferred Stock. As of September 30, 1997, there were approximately 28.4 million shares of Series A Preferred Stock and no shares of Junior Preferred Stock outstanding.

COMMON STOCK

General

Subject to the rights of the holders of shares of Preferred Stock, holders of shares of Common Stock (1) are entitled to receive dividends when and as declared by the Board of Directors of the Company from funds legally available for that purpose; (2) have the exclusive right, except as otherwise may be required by law, to vote for the election of directors and for all other purposes and (3) are entitled, upon any liquidation, dissolution or winding up of the Company, to a pro rata distribution of the assets and funds of the Company available for distribution to stockholders. Each share of Common Stock is entitled to one vote on all matters on which stockholders generally are entitled to vote. Holders of shares of Common Stock do not have preemptive rights to subscribe for additional shares of Common Stock or securities convertible into shares of Common Stock. The Common Stock is traded on the NYSE and prices are reported by the NYSE Composite Tape under the symbol "UIS".

Dividend Limitations

The Company has not declared or paid any cash dividends on the Common Stock since 1990 and does not anticipate declaring or paying dividends on the Common Stock in the foreseeable future. In addition, the Company's most restrictive outstanding debt instruments generally limit aggregate dividends paid on the Company's capital stock since June 30, 1992 (other than \$185 million paid in respect of dividends in arrears) to an amount no greater than 50% of cumulative consolidated net income since July 1, 1992, plus capital contributions and proceeds of equity issuances, plus \$150 million.

Preferred Share Purchase Rights and Junior Participating Preferred Stock

The Company has distributed to its stockholders one Preferred Share Purchase Right (the "Rights") with respect to each outstanding share of Common Stock pursuant to a Rights Agreement (the "Rights Agreement") dated as of March 7, 1986 between the Company and Harris Trust Company of New York, as Rights Agent. Each Right entitles the holder thereof, until the earlier of March 17, 2001 or the redemption of the Rights, to buy one three-hundredth of a share of the Junior Preferred Stock at an exercise price of \$75. The Rights are represented by the certificates for shares of Common Stock and will not be exercisable, or transferable apart from the shares of Common Stock, until the earlier of the tenth day after the announcement that a person or group has acquired beneficial ownership of 20% or more of the shares of Common Stock (a "20% holder") or the tenth day after a person commences, or announces an intention to commence, an offer, the consummation of which would result in a person beneficially owning 30% or more of the shares of Common Stock as of such date (the earlier of such dates being called the "Distribution Date"). The Rights could then begin trading separately from the shares of Common Stock.

In the event that the Company is acquired in a merger or other business combination transaction, each Right will entitle its holder to purchase, at the exercise price of the Right, that number of shares of common stock of the surviving company which, at the time of such transaction, would have a market value of two times

the exercise price of the Right. Alternatively, if a 20% holder were to acquire the Company by means of a reverse merger in which the Company and its stock survive, or were to engage in certain "self-dealing" transactions, each Right not owned by the 20% holder would become exercisable for the number of shares of Common Stock which, at that time, would have a market value of two times the exercise price of the Right.

The Rights are redeemable at \$.01 2/3 per Right at any time prior to the time that a person or group has acquired beneficial ownership of 20% of the shares of Common Stock. The Rights will expire on March 17, 2001 (the "Final Expiration Date"), unless the Final Expiration Date is extended or unless the Rights are earlier redeemed by the Company in accordance with their terms. At no time will the Rights have any voting rights.

The foregoing summary of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is filed with the Commission an exhibit to the Company's Annual Report on Form 10-K.

The shares of Junior Preferred Stock purchasable upon exercise of the Rights will be nonredeemable. Each share of Junior Preferred Stock will have a minimum preferential quarterly dividend of \$15 per share, but will be entitled to a dividend of 300 times the aggregate dividend declared per share of Common Stock. In the event of liquidation, the holders of the shares of Junior Preferred Stock will receive a preferred liquidation payment of \$100 per share, but will be entitled to receive an aggregate liquidation payment per share equal to 300 times the payment made per share of Common Stock. Each share of the Junior Preferred Stock will have 300 votes, voting together with the shares of Common Stock. In the event of any merger, consolidation or other transaction in which shares of Common Stock are exchanged, each share of the Junior Preferred Stock will be entitled to receive 300 times the amount received per share of Common Stock. The Junior Preferred Stock has customary antidilution provisions to protect the dividend, liquidation and voting rights described above.

The purchase price payable, and the number of shares of Junior Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (1) in the event of a stock dividend on, or a subdivision, combination or reclassification of the shares of Junior Preferred Stock; (2) as a result of the grant to holders of the shares of Junior Preferred Stock of certain rights or warrants to subscribe for shares of Junior Preferred Stock or of securities convertible into shares of Junior Preferred Stock (at a price, or with a conversion price, respectively, less than the then current market price for the shares of Junior Preferred Stock) or (3) as a result of the distribution to holders of the shares of Junior Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends at a rate not in excess of 125% of the rate of the last cash dividend theretofore paid or dividends payable in shares of Junior Preferred Stock) or of subscription rights or warrants (other than those referred to above). With certain exceptions, no adjustment in the purchase price will be required until cumulative adjustments require an adjustment of at least 1% in such purchase price. The percentage of a share of Junior Preferred Stock for which a Right is exercisable and the number of Rights outstanding are also subject to adjustment in the event of dividends on the shares of Common Stock payable in shares of Common Stock or subdivisions, combinations or consolidations of the shares of Common Stock, occurring, in any case, before the Rights become exercisable or transferable apart from the shares of Common Stock.

One Right is presently associated with each issued and outstanding share of Common Stock. The Company will issue one Right with each share of Common Stock issued upon the conversion of any 2006 Note unless, prior to such conversion, the Rights are redeemed or become exercisable and transferable apart from the shares of Common Stock.

The Rights have certain anti-takeover effects. The Rights may cause substantial dilution to a person or group that attempts to acquire the Company on terms that the Board of Directors determines are not in the best interests of the Company's stockholders, except pursuant to an offer conditioned on a substantial number of Rights being acquired. The Rights should not interfere with any merger or other business combination approved by the Board of Directors since the Rights may be redeemed by the Company at \$.01 2/3 per Right prior to the time that a person or group has acquired beneficial ownership of 20% or more of the shares of Common Stock.

Anti-Takeover Provisions

The Company is a Delaware corporation and subject to Section 203 of the Delaware General Corporation Law. Generally, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time of the transaction in which the person became an interested stockholder, unless (1) prior to such time, either the business combination or such transaction is approved by the board of directors of the corporation; (2) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of the outstanding voting stock or (3) at or after such time the business combination is approved by the board and by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of the corporation's outstanding voting stock.

The Company's Certificate of Incorporation and By-Laws contain certain anti-takeover provisions that are intended to enhance the likelihood of continuity and stability in the composition of the Board of Directors and that may have the effect of delaying, deferring or preventing a future takeover or change in control of the Company unless such takeover or change in control is approved by the Board of Directors. Such provisions may also render the removal of the current Board of Directors more difficult.

The Company's Certificate of Incorporation and By-Laws provide that the Board of Directors shall consist of not less than 10 nor more than 20 directors (subject to any rights of the holders of shares of Preferred Stock to elect additional directors), with the exact number to be fixed by the Board of Directors pursuant to a resolution adopted by a majority of the entire Board. The Board of Directors is divided into three classes of directors, which classes are as nearly equal in number as possible. One class of directors is elected each year for a term of three years. Directors may be removed from office only for cause and only by the affirmative vote of the holders of at least 80% of the voting power of all capital stock of the Company entitled to vote generally in the election of directors (the "Voting Stock"), voting as a single class. Subject to any rights of the holders of shares of Preferred Stock, vacancies in the Board of Directors and newly created directorships are filled for the unexpired term only by the vote of a majority of the remaining directors in office. Pursuant to the Certificate of Incorporation, advance notice of stockholder nominations for the election of directors must be given in the manner provided in the Company's By-Laws. The By-Laws provide that written notice of the intent of a stockholder to make a nomination at a meeting of stockholders must be delivered to the Secretary of the Company not less than 90 days prior to the date of the meeting, in the case of an annual meeting, and not more than seven days following the date of notice of the meeting, in the case of a special meeting. The notice must contain certain background information about the nominee and the number of shares of the Company's capital stock beneficially owned by the nominee. The affirmative vote of the holders of 80% or more of the voting power of the then outstanding shares of Voting Stock, voting as a single class, is required to amend, alter or repeal the provisions of the Certificate of Incorporation and By-Laws discussed above.

The Company's Certificate of Incorporation also provides that certain mergers, consolidations, sales or other transfers of assets of, issuances or reclassifications of securities of, or adoptions of plans of liquidation by the Company (individually, a "Business Combination") must be approved by an affirmative vote of the holders of 80% or more of the voting power of the then outstanding shares of Voting Stock, voting as a single class, when such action involves a person (an "Interested Stockholder") who beneficially owns more than 20% of the voting power of the then outstanding shares of Voting Stock, unless certain minimum price, form of consideration and procedural requirements (the "Fair Price Provisions") are satisfied or unless a majority of the directors not affiliated with the Interested Stockholder approve the Business Combination. The affirmative vote of the holders of 80% or more of the voting power of the then outstanding shares of Voting Stock, voting as a single class, is required to amend, alter or repeal such provisions of the Certificate of Incorporation.

Under the Certificate of Incorporation and By-Laws, except as otherwise required by law and subject to the rights of the holders of shares of Preferred Stock, stockholders may not call a special meeting of

stockholders. Only the Board of Directors, pursuant to a resolution adopted by a majority of the entire Board, may call a special meeting of stockholders. The General Corporation Law of the State of Delaware provides that, unless specifically prohibited by the certificate of incorporation, any action required or permitted to be taken by stockholders of a corporation may be taken without a meeting, without prior notice, and without a stockholder vote if a written consent or consents setting forth the action to be taken is signed by the holders of outstanding shares of capital stock having the requisite number of votes that would be necessary to authorize or take such action at a meeting of stockholders. The Company's Certificate of Incorporation requires that stockholder action be taken at a meeting of stockholders and prohibits stockholder action by written consent. The affirmative vote of the holders of 80% or more of the voting power of the then outstanding shares of Voting Stock, voting as a single class, is required to amend, alter or repeal the provisions of the Certificate of Incorporation and By-Laws discussed above.

The purpose of certain provisions of the Certificate of Incorporation and By-Laws discussed above relating to (1) a classified Board of Directors; (2) the removal of directors and the filling of vacancies; (3) the prohibition of stockholder action by written consent and (4) supermajority voting requirements for the repeal of provisions (1) through (3) is to help assure the continuity and stability of the business strategies and policies of the Company and to discourage certain types of transactions that involve an actual or threatened change of control of the Company. They are designed to make it more difficult and time-consuming to change majority control of the Board of Directors and thus to reduce the vulnerability of the Company to an unsolicited takeover proposal that does not contemplate the acquisition of at least 80% of the voting power of all of the Voting Stock or to an unsolicited proposal for the restructuring or sale of all or part of the Company.

Such charter and by-law provisions may make more difficult or discourage a proxy contest, or the assumption of control, by a holder of a substantial block of shares of Common Stock, or the removal of the incumbent Board of Directors, and could thus increase the likelihood that incumbent directors will retain their positions. In addition, since the Fair Price Provisions discussed above provide that certain business combinations involving the Company and a certain type of stockholder which do not meet specified criteria or are not approved by supermajority vote cannot be consummated without the approval of a majority of those directors who are not affiliated with such stockholder, such provisions could give incumbent management the power to prevent certain takeovers. The Fair Price Provisions may also discourage attempts to effect a "two-step" acquisition in which a third party purchases a controlling interest in cash and acquires the balance of the voting stock of the Company for less desirable consideration. Under the classified board and related provisions, the third party would not immediately obtain the ability to control the Board of Directors through its first-step acquisition and, under the Fair Price Provisions, having made the first-step acquisition, the third party could not acquire the balance of the Voting Stock for a lower price without a supermajority vote or the approval of a majority of such unaffiliated directors.

These provisions of the Certificate of Incorporation and By-Laws help ensure that the Board of Directors, if confronted with an unsolicited proposal from a third party which has acquired a block of shares of Common Stock, will have sufficient time to review the proposal and to consider appropriate alternatives for the Company's stockholders.

Such charter and by-law provisions are intended to encourage persons seeking to acquire control of the Company to initiate such an acquisition through arm's-length negotiations with the Board of Directors, who would then be in a position to negotiate a transaction which would treat all stockholders in substantially the same manner. Such provisions may have the effect of discouraging a third party from making an unsolicited tender offer or otherwise attempting to obtain control of the Company, even though such an attempt might be beneficial to the Company and its stockholders. In addition, since the provisions are designed to discourage accumulations of large blocks of shares of Common Stock by purchasers whose objective is to have such shares repurchased by the Company at a premium, such provisions could tend to reduce the temporary fluctuations in the market price of Common Stock caused by such accumulations. Accordingly, stockholders of the Company could be deprived of certain opportunities to sell their shares at a temporarily higher market price.

The Rights could also have the effect of delaying, deferring or preventing a takeover or change in control of the Company. See "Common Stock-Preferred Share Purchase Rights and Junior Participating Preferred Stock".

SERIES A PREFERRED STOCK

The Series A Preferred Stock ranks prior to the Common Stock and the Junior Preferred Stock as to payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up of the Company.

The Series A Preferred stock accrues quarterly cumulative dividends at the annual rate of \$3.75 per share and is entitled to receive \$50 per share, plus accrued and unpaid dividends, upon liquidation. The shares of Series A Preferred Stock are convertible, at the option of the holders thereof, into shares of Common Stock at a conversion price of \$29.93 per share, subject to adjustment to prevent dilution under certain circumstances. For purposes of calculating the number of shares of Common Stock into which shares of Series A Preferred Stock are convertible at the conversion price, the price per share of the Series A Preferred Stock is \$50. Each share of Series A Preferred Stock is currently convertible into 1.67 shares of Common Stock. The Series A Preferred Stock is redeemable at the option of the Company at a redemption price of \$50 per share. If dividends on the shares of Series A Preferred Stock and any class or series of stock ranking on a parity with the Series A Preferred Stock as to dividends (the "Parity Dividend Stock") are in arrears in an amount equal to at least six quarterly dividends, the number of directors of the Company will be increased by two as of the date of the next meeting of stockholders at which directors are to be elected, and the holders of shares of Series A Preferred Stock and of Parity Dividend Stock (voting together as a separate class) will be entitled to vote for and to elect such additional directors. The holders of shares of Series A Preferred Stock have certain voting rights if the Company determines to authorize, create or issue, or increase the authorized amount of, any class or series of stock ranking prior to or on a parity with the Series A Preferred Stock. The consent of the holders of a majority of the outstanding shares of Series A Preferred Stock (voting separately as a class with all other series of capital stock ranking on a parity as to dividends or upon liquidation with the Series A Preferred Stock and also being affected) is also required to amend the Company's Certificate of Incorporation if the amendment would have a materially adverse effect on the powers, preferences or special rights of the Series A Preferred Stock.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is Harris Trust Company of New York.

SOURCE AND AMOUNT OF FUNDS

Assuming that \$294 million in principal amount of the 2006 Notes is converted pursuant to the Conversion Offer, the Company estimates that the total amount of cash required by the Company to pay the Conversion Premium (excluding accrued interest) and the fees and expenses related to the Conversion Offer will be approximately \$46.1 million. The Company expects to obtain such amounts from working capital.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the material United States federal income tax considerations relevant to a conversion of 2006 Notes into Common Stock and the payment of the Conversion Premium and the ownership and disposition of Common Stock by persons acquiring Common Stock pursuant to the Conversion Offer. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (including Proposed Regulations and Temporary Regulations) promulgated thereunder, Internal Revenue Service ("IRS") rulings, official pronouncements and judicial decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or different interpretations. This summary is applicable only to Holders who hold 2006 Notes as a capital asset and who will hold any Common Stock received in the Conversion Offer as a capital asset.

This summary does not discuss all tax consequences that may be relevant to a particular Holder in light of the Holder's particular circumstances and it is not intended to be applicable in all respects to all categories of investors, some of whom -- such as insurance companies, tax-exempt persons, financial institutions, regulated investment companies, dealers in securities or currencies, persons that hold 2006 Notes or the Common Stock received in the conversion as a position in a "straddle," as part of a "synthetic security," "hedge," "conversion transaction," "constructive sale transaction" or other integrated investment or persons whose functional currency is other than United States dollars -- may be subject to different rules not discussed below. In addition, this summary does not address any state, local or foreign tax considerations that may be relevant to a Holder's decision to convert 2006 Notes for Common Stock and the Conversion Premium pursuant to the Conversion Offer.

ALL NOTEHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE CONVERSION OF 2006 NOTES AND THE OWNERSHIP AND DISPOSITION OF COMMON STOCK RECEIVED IN THE CONVERSION OFFER IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

CONVERSION AND RECEIPT OF CONVERSION PREMIUM

Recognition of Gain or Loss on Conversion. The conversion of 2006 Notes into Common Stock and the Conversion Premium (the "Conversion") will not be a taxable transaction to the Company, but may be a taxable transaction to the Noteholders to the extent of the cash received, with the consequences described below.

A Noteholder whose 2006 Notes are converted into Common Stock and the Conversion Premium will recognize gain to the extent of the lesser of (i) the excess of the fair market value of the total amount received in the Conversion (i.e., the sum of the value of the Common Stock and the Conversion Premium, excluding the accrued interest portion thereof) over such Noteholder's tax basis in the 2006 Notes converted, or (ii) the amount of the Conversion Premium, excluding the accrued interest portion thereof. Such gain would likely be capital gain (subject to the market discount rules discussed below). Under recently enacted legislation, capital gains of individuals derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation which may vary depending upon the holding period of such capital assets. To the extent the Conversion Premium (excluding the accrued interest portion thereof) exceeds the amount specified in clause (i) above, such amount will not be currently taxable but will reduce a Noteholder's basis in the Common Stock received in the Conversion as discussed below. A Noteholder is not allowed to recognize a loss on the Conversion.

Basis and Holding Period of Common Stock Received. A Holder's tax basis in the Common Stock received in the Conversion will be equal to the Holder's tax basis in the 2006 Notes converted in the Conversion, increased by the amount of any gain recognized by the Holder and decreased by the amount of the Conversion Premium (excluding the accrued interest portion thereof) received. The holding period of the Common Stock will include the holding period of the 2006 Notes converted in the Conversion.

Cash in Lieu of Fractional Shares. Holders who receive cash in lieu of fractional shares of Common Stock should be treated as having received the cash in redemption of the fractional share interest and should generally recognize capital gain or loss equal to the difference between the amount of cash received and the Holder's tax basis in such fractional share interest. Under recently enacted legislation, capital gains of individuals derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation which may vary depending upon the holding period of such capital assets. The deductibility of capital losses is subject to limitations.

Accrued Interest. Pursuant to the Conversion Offer, Noteholders will receive, in cash, the interest which has accrued on the 2006 Notes from September 15, 1997 to the Expiration Date. This amount will be taxable to the Holders as ordinary interest income at the time it is paid or accrued in accordance with such Holder's method of accounting for tax purposes.

Market Discount. The Code generally requires Holders of "market discount bonds" to treat as interest income any gain realized on the disposition of such bonds to the extent of the market discount accrued during the Holder's period of ownership. A "market discount bond" generally is a debt obligation purchased at a market discount, subject to a statutory de minimis exception. For this purpose, a purchase at a market discount includes a purchase at or after the original issue at a price below the stated redemption price at maturity.

An exception to the market discount rules is made for certain nonrecognition transactions, such as the Conversion Offer. According to this exception, Holders of 2006 Notes will be required to treat accrued market discount as interest income at the time of the conversion only to the extent gain is recognized by the Holder pursuant to the Conversion Offer. However, on a subsequent disposition of the Common Stock received in the Conversion Offer, gain realized on the disposition will be treated as ordinary income to the extent of the market discount accrued by the Holder prior to the Conversion Offer but not recognized at the time of the conversion.

A Holder's accrued market discount generally equals a percentage of the bond's market discount, which is based on the number of days the Holder held the bond at the time of its disposition, over the number of days from the date the Holder acquired the bond to its date of maturity. Also, Holders of market discount bonds are required, under certain circumstances, to defer the deduction of all or a portion of the interest on indebtedness incurred or maintained to acquire or carry market discount bonds. Neither the rule treating accrued market discount as ordinary income on a disposition nor the rule deferring interest deductions applies if the Holder of a "market discount bond" elects to include the accrued market discount in income currently. This election would apply to all market discount bonds acquired on or after the first day of the first taxable year to which the election applies, and may be revoked only with the consent of the IRS.

Sale or Exchange of Common Stock. In general, subject to the market discount rules discussed above, the sale, exchange or redemption of the Common Stock received in the Conversion Offer will result in capital gain or loss equal to the difference between the amount realized and the Holder's adjusted tax basis in the Common Stock immediately before such sale, exchange or redemption. For a discussion of the determination of a Holder's initial tax basis in the Common Stock, see "Conversion and Receipt of Conversion Premium -- Basis and Holding Period of Common Stock Received." Under recently enacted legislation, capital gains of individuals derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation which may vary depending upon the holding period of such capital assets. The deductibility of capital losses is subject to limitations.

Non-United States Noteholders. If a "Non-United States Noteholder" converts a 2006 Note into Common Stock and cash (including any cash received in lieu of a fractional share of Common Stock) and does not prove, in a manner satisfactory to the Company or other withholding agent, that the cash is not treated as a dividend for U.S. federal income tax purposes, United States federal withholding tax will be withheld from the proceeds at a rate of 30% of the gross amount of such proceeds unless such Holder establishes that it is eligible for a reduced tax treaty rate with respect to dividend income, in which case the tax will be withheld at the reduced rate, or establishes that it is otherwise exempt from such tax. Non-United States Noteholders should consult their tax advisors regarding these withholding rules and the procedures for obtaining a refund if the amount withheld exceeds the Non-United States Noteholder's final tax liability.

For this purpose, a Non-United States Noteholder is any person who, for United States federal income tax purposes, is not (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in or under the laws of the United States or of any State, or (iii) a domestic trust or estate.

BACKUP WITHHOLDING

ANY NOTEHOLDER PARTICIPATING IN THE CONVERSION WHO FAILS TO COMPLETE AND SIGN THE SUBSTITUTE FORM W-9 THAT IS INCLUDED IN THE NOTICE OF SPECIAL CONVERSION (OR, IN THE CASE OF A NON-UNITED STATES HOLDER, FORM W-8 WHICH MAY BE OBTAINED FROM THE CONVERSION AGENT) MAY BE SUBJECT TO A REQUIRED FEDERAL INCOME TAX BACKUP WITHHOLDING OF 31% OF THE GROSS PROCEEDS PAYABLE TO SUCH NOTEHOLDER PURSUANT TO THE CONVERSION OFFER. To prevent backup United States federal income tax withholding with respect to payments pursuant to the Conversion (including the Conversion Premium and cash in lieu of any fractional share), a United States Holder must provide the Conversion Agent with such United States Holder's correct taxpayer identification number and certify that such United States Holder is not subject to backup withholding of federal income tax by completing the Substitute Form W-9 included in the Notice of Special Conversion. Certain Noteholders (including, among others, all corporations and certain foreign Noteholders) are exempt from backup withholding. For a Non-United States Holder to qualify as an exempt recipient, such Noteholder must submit an IRS Form W-8, signed under penalties of perjury, attesting to that Noteholder's exempt status. A copy of IRS Form W-8 may be obtained from the Conversion Agent.

Unless a Noteholder provides the appropriate certification, the Conversion Agent will be required to withhold, and will withhold, 31% of the gross proceeds otherwise payable to such Noteholder. The amount of any such backup withholding will be allowed as a credit against such Noteholder's United States federal income tax liability and may entitle such Noteholder to a refund, provided the required information is furnished to the IRS.

MISCELLANEOUS

Except as set forth below, neither the Company nor, to its knowledge, any of its subsidiaries, executive officers or directors or any associate of any such executive officer or director has engaged in any transactions involving the 2006 Notes or the Common Stock during the 40 business days preceding the date hereof. Neither the Company nor, to its knowledge, any of its executive officers or directors is a party to any contract, arrangement, understanding or relationship relating directly or indirectly to the Conversion Offer with any other person with respect to the 2006 Notes or the Common Stock.

On September 11, 1997, Robert H. Brust, Senior Vice President and Chief Financial Officer of the Company, was granted 75,000 restricted shares of Common Stock under the Company's 1990 Long-Term Incentive Plan (the "LTIP"). On September 23, 1997, pursuant to the terms of his employment agreement, Lawrence A. Weinbach, Chairman, President and Chief Executive Officer of the Company, (1) was granted options under the LTIP to purchase an aggregate of 1,000,000 shares of Common Stock at a purchase price of \$11.7813 per share, (2) was granted 169,762 restricted shares of Common Stock under the LTIP and (3) purchased 84,881 shares of Common Stock from the Company at a purchase price of \$11.7813 per share. On October 17, 1997, Gail D. Fosler, a Director of the Company, purchased 10,300 shares of Common Stock in an open-market transaction at a purchase price of \$14.75 per share. On October 20, 1997, Ms. Fosler purchased 8,000 shares of Common Stock in an open market transaction at a purchase price of \$15 per share.

Facsimile copies of the Notice of Special Conversion will be accepted. The Notice of Special Conversion and any other required documents should be sent by each Holder of 2006 Notes or his broker, dealer, commercial bank, trust company or other nominee to the Conversion Agent at one of the addresses set forth below:

The Conversion Agent is:

THE BANK OF NEW YORK

For information call: (212) 815-2742

By Mail:

By Hand or Overnight Courier:

(registered or certified mail recommended)

The Bank of New York
Floor 7E
101 Barclay Street
New York, NY 10286
Attn: Enrique Lopez
Reorganization Section

The Bank of New York
101 Barclay Street
Corporate Trust
Securities Window
Ground Level
New York, NY 10286

By Facsimile Transmission
(for Eligible Institutions only):
(212) 571-3080

PLEASE CONFIRM RECEIPT OF NOTICE OF GUARANTEED DELIVERY BY TELEPHONE.

The Information Agent is:
[GEORGESON & COMPANY INC. LOGO]
Wall Street Plaza
New York, NY 10005

Call Toll-Free: (800) 223-2064
Banks and Brokers, please call: (800) 445-1790

Any questions or requests for assistance or additional copies of this Offer of Premium and the Notice of Special Conversion may be directed to the Information Agent at its telephone number and location set forth above. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Conversion Offer.

NOTICE OF SPECIAL CONVERSION
 TO CONVERT UP TO \$294,000,000 IN PRINCIPAL AMOUNT OF THE
 8 1/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006

OF

UNISYS CORPORATION

INTO

145.4545 SHARES OF COMMON STOCK AND \$155.00 IN CASH PLUS ACCRUED INTEREST FOR
 EACH \$1,000 IN
 PRINCIPAL AMOUNT OF NOTES ON THE TERMS AND SUBJECT TO THE CONDITIONS SET FORTH
 HEREIN AND IN THE
 OFFER OF PREMIUM DATED NOVEMBER 7, 1997

THE CONVERSION OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00
 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 8, 1997, UNLESS EXTENDED.

Conversion Agent:
 THE BANK OF NEW YORK

By Mail:

By Hand or Overnight Courier:

(registered or certified mail recommended)

The Bank of New York
 Floor 7E
 101 Barclay Street
 New York, NY 10286
 Attn: Enrique Lopez
 Reorganization Section

The Bank of New York
 101 Barclay Street
 Corporate Trust
 Securities Window
 Ground Level
 New York, NY 10286

DELIVERY OF THIS NOTICE OF SPECIAL CONVERSION TO AN ADDRESS OTHER THAN AS
 SET FORTH ABOVE OR TRANSMISSION OF THIS NOTICE OF SPECIAL CONVERSION VIA
 FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ON THE BACK COVER OF
 THE OFFER OF PREMIUM WILL NOT CONSTITUTE A VALID DELIVERY.

The undersigned acknowledges receipt of the Offer of Premium Upon
 Conversion dated November 7, 1997 (the "Offer of Premium") of Unisys Corporation
 (the "Company") which, together with this Notice of Special Conversion (the
 "Notice of Special Conversion"), describes the Company's offer (the "Conversion
 Offer") to pay a cash premium (the "Conversion Premium") equal to \$155.00 plus
 accrued and unpaid interest from September 15, 1997 to the Expiration Date (as
 defined in the Offer of Premium) for each \$1,000 in principal amount of its
 8 1/4% Convertible Subordinated Notes due 2006 (the "2006 Notes") which are
 converted to Common Stock, par value \$.01 per share (the "Common Stock"), of the
 Company prior to the Expiration Date. A holder of 2006 Notes (a "Noteholder" or
 "Holder") whose 2006 Notes are tendered and accepted for conversion pursuant to
 the Conversion Offer will receive 145.4545 shares of Common Stock (based upon
 the 2006 Notes' original conversion price of \$6.875 per share of Common Stock)
 and the Conversion Premium for each \$1,000 in principal amount of 2006 Notes.
 The Company will accept for conversion pursuant to the Conversion Offer no more
 than \$294 million in principal amount of 2006 Notes.

The undersigned has checked the appropriate boxes below and signed this
 Notice of Special Conversion to indicate the action the undersigned desires to
 take with respect to the Conversion Offer.

PLEASE READ THE ENTIRE NOTICE OF SPECIAL CONVERSION AND THE OFFER OF
 PREMIUM CAREFULLY BEFORE CHECKING ANY BOX BELOW.

THE INSTRUCTIONS INCLUDED WITH THIS NOTICE OF SPECIAL CONVERSION MUST BE
 FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE
 OFFER OF PREMIUM AND THIS NOTICE OF SPECIAL CONVERSION MAY BE DIRECTED TO THE
 CONVERSION AGENT.

This Notice of Special Conversion is to be used (i) if certificates representing 2006 Notes are to be forwarded herewith or (ii) if delivery of 2006 Notes is to be made in accordance with the guaranteed delivery procedures set forth in the Offer of Premium under the caption "The Conversion Offer -- Procedures for Acceptance of Conversion Offer."

Holders who cannot deliver all documents required hereby to the Conversion Agent prior to the Expiration Date must tender their 2006 Notes according to the guaranteed delivery procedure set forth in the Offer of Premium under the caption "The Conversion Offer -- Procedures for Acceptance of Conversion Offer."

Holders of Notes that are tendering by book-entry transfer to the Conversion Agent's account at DTC can execute the tender through the procedures of the Automated Tender Offer Program ("ATOP") of The Depository Trust Company ("DTC"), for which the Conversion Offer is eligible. DTC participants that are accepting the Conversion Offer must transmit their acceptance to DTC, which will verify the acceptance and execute a book-entry delivery to the Conversion Agent's account at DTC. DTC will then send an Agent's Message (as defined in the Offer of Premium) to the Conversion Agent for its acceptance. Delivery of the Agent's Message by DTC will satisfy the terms of the Conversion Offer as to execution and delivery of a Notice of Special Conversion by the participant identified in the Agent's Message. DTC participants may also accept the Conversion Offer by submitting a notice of guaranteed delivery through ATOP.

List below the 2006 Notes to which this Notice of Special Conversion relates. If the space provided below is inadequate, the Certificate Numbers and the principal amount of 2006 Notes should be listed on a separate signed schedule affixed hereto.

DESCRIPTION OF 2006 NOTES TENDERED HEREWITH

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S)
OR NAME OF DTC PARTICIPANT AND PARTICIPANT'S
DTC ACCOUNT NUMBER IN WHICH NOTES ARE HELD
(PLEASE FILL IN IF BLANK)

CERTIFICATE AGGREGATE
NUMBER(S) * PRINCIPAL AMOUNT PRINCIPAL AMOUNT
 REPRESENTED** TENDERED**

TOTAL PRINCIPAL
AMOUNT OF NOTES

* Need not be completed by Holders tendering by book-entry transfer.
** Unless otherwise specified, it will be assumed that the entire aggregate principal represented by the 2006 Notes described above is being tendered. See Instruction 3.

The names and addresses of the registered Holders should be printed, if not already printed above, exactly as they appear on the 2006 Notes tendered hereby. The 2006 Notes and the principal amount of the 2006 Notes that the undersigned wishes to tender should be indicated in the appropriate boxes.

Unless the context requires otherwise, the term "Holder" for purposes of this Notice of Special Conversion means any person in whose name 2006 Notes are registered on the books of the Company or any other person who has obtained a properly completed assignment from the registered holder or any person whose 2006 Notes are held of record by DTC who desires to deliver such 2006 Notes by book-entry transfer at DTC.

[] CHECK HERE IF TENDERED 2006 NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE CONVERSION AGENT AT DTC AND COMPLETE THE FOLLOWING:

Name of Tendering Institution:

Account Number: _____ Transaction Code Number: _____

[] CHECK HERE IF TENDERED 2006 NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s):

Date of Execution of Notice of Guaranteed Delivery:

Name of Eligible Institution that Guaranteed Delivery:

If delivered by book-entry transfer:

Name of Tendering Institution:

Account Number: _____ Transaction Code Number: _____

NOTE: SIGNATURES MUST BE PROVIDED HEREIN.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Conversion Offer, the undersigned hereby tenders to the Company the above-described 2006 Notes.

Subject to, and effective upon, the acceptance for conversion of the 2006 Notes tendered herewith, the undersigned hereby tenders, exchanges, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to all such 2006 Notes. The undersigned hereby irrevocably constitutes and appoints the Conversion Agent as the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that said Conversion Agent also acts as the agent of the Company in connection with the Conversion Offer) and with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver certificates for such 2006 Notes for conversion, or transfer ownership of such 2006 Notes on the account books maintained by DTC, together, in any such case, with all accompanying evidences of transfer and authenticity, to the Conversion Agent for the account of the Company, (ii) present such 2006 Notes for conversion on the books of the Company and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such 2006 Notes, all in accordance with the terms of the Conversion Offer.

The undersigned represents and warrants that (i) it has full power and authority to tender, exchange, convert, assign and transfer the 2006 Notes tendered hereby and to acquire the Common Stock and the Conversion Premium issuable upon the conversion of such tendered 2006 Notes, (ii) when the undersigned's 2006 Notes are accepted for conversion, the Company will acquire good and unencumbered title to such 2006 Notes free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim, (iii) the undersigned "owns" the 2006 Notes tendered hereby within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and (iv) the tender of the 2006 Notes by the undersigned complies with Rule 14e-4. The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed by the Conversion Agent or the Company to be necessary or desirable to complete the exchange, conversion, assignment and transfer of tendered 2006 Notes or transfer ownership of such 2006 Notes on the account books maintained by DTC. All authority herein conferred or agreed to be conferred

shall survive the death, bankruptcy or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

The Company has expressly reserved the right to amend or modify the terms of the Conversion Offer in any manner, or to withdraw or terminate the Conversion Offer, at any time for any reason. The undersigned recognizes that as a result of the foregoing, the Company may not be required to convert any of the 2006 Notes tendered hereby pursuant to the Conversion Offer and, in such an event, the 2006 Notes not converted will be returned to the undersigned at the address shown below the signature of the undersigned. Tendered 2006 Notes may be withdrawn at any time prior to the Expiration Date (as defined in the Offer of Premium) and, unless accepted for conversion by the Company, may be withdrawn at any time after 40 business days after the date of the Offer of Premium. In the event of a termination of the Conversion Offer, the 2006 Notes tendered pursuant to the Conversion Offer will be returned to the tendering Holders promptly (or, in the case of 2006 Notes tendered by book-entry transfer, such 2006 Notes will be credited to the account maintained at DTC from which such Notes were delivered). If the Company makes a material change in the terms of the Conversion Offer or in the information concerning the Conversion Offer, the Company will disseminate additional Conversion Offer materials and extend the Conversion Offer, in each case to the extent required by law.

The undersigned understands that tenders of 2006 Notes pursuant to any of the procedures described in the Offer of Premium and in the instructions hereto and acceptance of such 2006 Notes by the Company will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Conversion Offer. For purposes of the Conversion Offer, the undersigned understands that validly tendered 2006 Notes (or defectively tendered 2006 Notes with respect to which the Company has waived such defect) will be deemed to have been accepted by the Company if, as and when the Company gives oral or written notice thereof to the Conversion Agent.

Unless otherwise indicated under "Special Payment Instructions" below, please cause the Common Stock and the Conversion Premium to be issued or paid, and return any 2006 Notes not tendered or not accepted for conversion to be issued, in the name(s) of the undersigned (and, in the case of 2006 Notes tendered by book-entry transfer from, and Common Stock to be issued to, DTC, by credit to the account at DTC designated above). Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail any certificates for 2006 Notes not tendered or not accepted for conversion (and accompanying documents, as appropriate), and any Common Stock and the Conversion Premium deliverable pursuant to the Conversion Offer, to the undersigned at the address shown below the undersigned's signature(s). If both "Special Payment Instructions" and "Special Delivery Instructions" are completed, please cause Common Stock to be issued, and return any 2006 Notes not tendered or not accepted for conversion, in the name(s) of, and deliver any certificates for such 2006 Notes and such Common Stock to, the person(s) so indicated. The undersigned recognizes that the Company has no obligation, pursuant to the "Special Payment Instructions," to transfer any 2006 Notes from the name of the registered holder(s) thereof if the Company does not accept for conversion any of the 2006 Notes so tendered.

PLEASE SIGN HERE
(TO BE COMPLETED BY ALL TENDERING HOLDERS OF 2006 NOTES REGARDLESS
OF WHETHER 2006 NOTES ARE BEING PHYSICALLY DELIVERED HEREWITH)

This Notice of Special Conversion must be signed by the registered Holder(s) exactly as name(s) appear(s) on certificate(s) for 2006 Note(s) or, if tendered by a participant in DTC, exactly as such participant's name appears on a security position listing as owner of 2006 Notes, or by person(s) authorized to become registered Holder(s) by endorsements and documents transmitted herewith. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, please set forth full title and see Instruction 4.

SIGNATURE(S) OF REGISTERED HOLDER(S) OR AUTHORIZED SIGNATORY
(SEE GUARANTEE REQUIREMENT BELOW)

Dated

Name(s)

(PLEASE PRINT)

Capacity

Address

(INCLUDING ZIP CODE)

Area Code and
Tel. Number

Tax Identification or
Social Security No.

(COMPLETE ACCOMPANYING SUBSTITUTE FORM W-9)

SIGNATURE GUARANTEE
(IF REQUIRED -- SEE INSTRUCTIONS 1 AND 4)

Authorized Signature

Name

Title

Name of Firm

Area Code and Tel. Number

[place seal here]

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 2, 4, 5 AND 11)

To be completed ONLY if (i) the certificates for the shares of Common Stock or the Conversion Premium to be received upon conversion of 2006 Notes accepted for conversion pursuant to the Conversion Offer or (ii) 2006 Notes in a principal amount not tendered or not accepted for Conversion pursuant to the Conversion Offer, are to be issued in the name of or paid to someone other than the person(s) whose signature(s) appear(s) within this Notice of Special Conversion.

Name(s)

(PLEASE PRINT)

Address

(PLEASE PRINT)

(ZIP CODE)

(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)
(SEE SUBSTITUTE FORM W-9 HEREIN)

- ISSUE: [] CHECK FOR CONVERSION PREMIUM
[] CERTIFICATE FOR COMMON STOCK
[] CERTIFICATE FOR 2006 NOTES
=====

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 2, 4, 5 AND 11)

To be completed ONLY if (i) the certificates for the shares of Common Stock or the Conversion Premium to be received upon conversion of 2006 Notes accepted for conversion pursuant to the Conversion Offer or (ii) 2006 Notes in a principal amount not tendered or not accepted for conversion pursuant to the Conversion Offer, are to be mailed to an address different from that shown in the box entitled "Description of 2006 Notes Tendered Herewith" within this Notice of Special Conversion.

Name(s)

(PLEASE PRINT)

Address

(PLEASE PRINT)

(ZIP CODE)

(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)
(SEE SUBSTITUTE FORM W-9 HEREIN)

- MAIL: [] CHECK FOR CONVERSION PREMIUM
[] CERTIFICATE FOR COMMON STOCK
[] CERTIFICATE FOR 2006 NOTES

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE CONVERSION OFFER

1. Guarantee of Signatures. Except as otherwise provided below, all signatures on this Notice of Special Conversion must be guaranteed by a firm that is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or by a commercial bank or trust company having an office, branch or agency in the United States, each of which participates in a Medallion Program approved by the Securities Transfer Association, Inc. (each being an "Eligible Institution"). Signatures on this Notice of Special Conversion need not be guaranteed if (a) this Notice of Special Conversion is signed by the registered holder(s) of the 2006 Notes (which term, for purposes of this document, shall include any participant in DTC whose name appears on a security position listing as the owner of 2006 Notes) tendered herewith and such holder(s) have not completed either of the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" on this Notice of Special Conversion or (b) such 2006 Notes are tendered for the account of an Eligible Institution. See Instruction 4.

2. Delivery of Notice of Special Conversion and 2006 Notes. This Notice of Special Conversion is to be completed by holders of 2006 Notes (a) if certificates representing 2006 Notes are to be forwarded herewith or (b) if delivery of 2006 Notes is to be made in accordance with the guaranteed delivery procedures set forth in the Offer of Premium under the caption "The Conversion Offer -- Procedures for Acceptance of Conversion Offer" and instructions are not being transmitted in respect of such 2006 Notes through ATOP. Certificates for 2006 Notes, as well as this Notice of Special Conversion (or a facsimile hereof), properly completed and duly executed, with any required signature guarantees, or timely confirmation of a book-entry transfer of such 2006 Notes into the Conversion Agent's account at DTC pursuant to the ATOP procedures and, in each case, any other documents required by this Notice of Special Conversion, must be received by the Conversion Agent at one of its addresses set forth on the front page hereof prior to the Expiration Date.

THE METHOD OF DELIVERY OF THIS NOTICE OF SPECIAL CONVERSION, THE 2006 NOTES AND ANY OTHER REQUIRED DOCUMENTS (INCLUDING DELIVERY THROUGH DTC AND ANY ACCEPTANCE OR AGENT'S MESSAGE DELIVERED THROUGH ATOP) IS AT THE ELECTION AND RISK OF THE HOLDER AND, EXCEPT AS OTHERWISE PROVIDED BELOW, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN DOCUMENTS ARE ACTUALLY RECEIVED BY THE CONVERSION AGENT. IT IS SUGGESTED THAT IF SUCH DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, BE USED.

Holders who cannot deliver all required documents to the Conversion Agent prior to the Expiration Date or comply with book-entry transfer procedures on a timely basis may tender their 2006 Notes pursuant to the guaranteed delivery procedure set forth in the Offer of Premium under "The Conversion Offer -- Procedures for Acceptance of Conversion Offer." Pursuant to such procedure: (a) such tender must be made by or through an Eligible Institution (as defined in Instruction 1); (b) on or prior to the Expiration Date the Conversion Agent must have received from such Eligible Institution a letter or (where permitted) a facsimile transmission setting forth the name and address of the tendering holder, the names in which such 2006 Notes are registered, and, if possible, the certificate numbers of the 2006 Notes to be tendered; and (c) this Notice of Special Conversion and all other documents required by this Notice of Special Conversion, together with certificates representing such 2006 Notes, or a confirmation of any book-entry transfer of such 2006 Notes into the Conversion Agent's account at DTC pursuant to the ATOP procedures, must be received by the Conversion Agent within three New York Stock Exchange trading days after the date of execution of such letter or facsimile transmission, all as provided in the Offer of Premium under the caption "The Conversion Offer -- Procedures for Acceptance of Conversion Offer."

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders, by execution of this Notice of Special Conversion (or facsimile thereof), shall waive any right to receive notice of the acceptance of the 2006 Notes for conversion.

3. Partial Tenders; Withdrawals. (Not applicable to holders who tender by book-entry transfer.) If less than the entire principal amount of 2006 Notes evidenced by a submitted certificate is to be tendered, the tendering holder must fill in the principal amount of 2006 Notes tendered in the box entitled "Principal Amount Tendered." In such a case, a new certificate representing the 2006 Notes submitted but not tendered will be sent to such holder as soon as practicable

after the Expiration Date. All 2006 Notes represented by certificates delivered to the Conversion Agent will be deemed to have been tendered unless otherwise indicated.

Tenders of 2006 Notes pursuant to the Conversion Offer may be withdrawn at any time prior to the Expiration Date and, unless accepted for conversion by the Company, may be withdrawn at any time after 40 business days after the date of the Offer of Premium. To be effective, a written notice of withdrawal delivered by hand, mail delivery or facsimile transmission must be timely received by the Conversion Agent. Any such notice of withdrawal must specify the person named in the Notice of Special Conversion as having tendered 2006 Notes to be withdrawn, the certificate numbers of the 2006 Notes to be withdrawn, the principal amount of 2006 Notes delivered for conversion, a statement that such holder is withdrawing its election to have such 2006 Notes converted, and the name of the registered holder of such 2006 Notes, and must be signed by the holder in the same manner as the original signature on this Notice of Special Conversion (including any required signature guarantees) or be accompanied by evidence satisfactory to the Company that the person withdrawing the tender has succeeded to the beneficial ownership of the 2006 Notes being withdrawn. The Conversion Agent will return properly withdrawn 2006 Notes promptly following receipt of notice of withdrawal. All questions as to the validity of notice of withdrawal, including time of receipt, will be determined by the Company, and such determination will be final and binding on all parties. Withdrawals of tenders of 2006 Notes may not be rescinded and any 2006 Notes withdrawn will thereafter be deemed not validly tendered for purposes of the Conversion Offer. Properly withdrawn 2006 Notes, however, may be retendered by following the procedures therefor at any time prior to the Expiration Date.

4. Signature on this Notice of Special Conversion; Written Instruments and Endorsements. If this Notice of Special Conversion is signed by the registered holder(s) of the 2006 Notes tendered hereby, the signature must correspond with the name(s) as written on the face of the certificates or on the security position listing of DTC without alteration, enlargement or any change whatsoever.

If any of the 2006 Notes tendered hereby are owned of record by two or more persons, all such persons must sign this Notice of Special Conversion.

If 2006 Notes tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate copies of this Notice of Special Conversion as there are different registrations of 2006 Notes.

If this Notice of Special Conversion is signed by the registered holder or holders of the 2006 Notes tendered hereby, no endorsements of certificates or separate written instruments of transfer or exchange are required unless the Conversion Premium or the Common Stock, or 2006 Notes not tendered or not accepted for conversion, are to be issued or returned to any person other than the registered holder. Signatures on any such certificates and written instruments must be guaranteed by an Eligible Institution.

IF THIS NOTICE OF SPECIAL CONVERSION IS SIGNED BY A PERSON OTHER THAN THE REGISTERED HOLDER(S) OF THE 2006 NOTES LISTED, THE CERTIFICATES REPRESENTING SUCH 2006 NOTES MUST BE ENDORSED OR ACCOMPANIED BY SEPARATE WRITTEN INSTRUMENTS OF TRANSFER OR EXCHANGE IN FORM SATISFACTORY TO THE COMPANY AND DULY EXECUTED BY THE REGISTERED HOLDER(S), IN EITHER CASE SIGNED EXACTLY AS THE NAME(S) OF THE REGISTERED HOLDER(S) APPEAR(S) ON THE 2006 NOTES. SIGNATURES ON ANY SUCH CERTIFICATES OR INSTRUMENTS MUST BE GUARANTEED BY AN ELIGIBLE INSTITUTION.

If this Notice of Special Conversion, any certificates or separate written instruments of transfer or exchange are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority so to act must be submitted.

5. Transfer Taxes. Except as set forth in this Instruction 5, the Company will pay all transfer taxes, if any, applicable to the conversion of 2006 Notes pursuant to the Conversion Offer. If, however, the Conversion Premium is to be delivered, or any Common Stock to be issued pursuant to the Conversion Offer or 2006 Notes not tendered or accepted for conversion are to be returned, in the name of any person other than the registered holder of the 2006 Notes tendered, or if a transfer tax is imposed for any reason other than the conversion of 2006 Notes pursuant to the Conversion Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of the payment of such taxes, or exemption therefrom, is not

submitted with this Notice of Special Conversion, the amount of such transfer taxes will be billed directly to such tendering holder.

6. Extensions, Amendments and Termination. The Company expressly reserves the right to extend, amend or modify the terms of the Conversion Offer in any manner and withdraw or terminate the Conversion Offer at any time for any reason.

7. Inadequate Space. If the space provided in this Notice of Special Conversion is inadequate, the certificate numbers and/or principal amount represented by the 2006 Notes should be listed on a separate signed schedule attached hereto.

8. Irregularities. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Notices of Special Conversion or 2006 Notes will be resolved by the Company, and such determination will be final and binding on all parties. The Company reserves the absolute right to reject any or all Notices of Special Conversion or tenders that are not in proper form or the acceptance of which would, in the opinion of the Company's counsel, be unlawful. The Company also reserves the right to waive any irregularities or conditions of tender as to the particular 2006 Notes covered by any Notice of Special Conversion. None of the Company, the Conversion Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. The Company's interpretation of the terms and conditions of the Conversion Offer shall be final and binding on all parties.

9. Substitute Form W-9. Except as described herein under "Important Tax Information," federal income tax laws require each tendering holder to provide the Conversion Agent with a correct taxpayer identification number ("TIN") on the Substitute Form W-9 which is provided herein, and to indicate whether or not the holder is not subject to backup withholding by crossing out Part 2 on the Substitute Form W-9 if the holder is currently subject to backup withholding. Failure to provide the information on the Form or to cross out Part 2 of the Form (if applicable) may subject the tendering holder to a \$50 penalty imposed by the Internal Revenue Service and to 31% federal income tax backup withholding on payments made to the holder pursuant to the Conversion Offer. The box in Part 3 of the Form may be checked if the tendering holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked and the holder does not provide the Conversion Agent with a TIN within sixty (60) days, the Company will withhold 31% on all such payments thereafter until a TIN is provided to the Conversion Agent.

10. Withholding of Foreign Holders in Connection with the Conversion Offer. United States federal income tax generally will be withheld from the gross proceeds payable to a holder that is a non-United States person (a "foreign holder") unless such foreign holder provides the Conversion Agent with a certification, in form and substance satisfactory to the Company, in which such holder certifies that such holder's conversion of 2006 Notes into Common Stock and cash (including any cash received in lieu of a fractional share of Common Stock) qualifies as a sale or exchange, rather than as a dividend, for federal income tax purposes (see "Certain Federal Income Tax Considerations" in the Offer of Premium) and such foreign holder agrees that it will provide additional information to the Company if necessary to demonstrate such qualification and that it will reimburse the Company if it is determined that federal withholding tax was due. The withholding rate is ordinarily 30% unless the foreign holder establishes that it is eligible for a reduced tax treaty rate with respect to dividend income, in which case withholding will be made at the reduced treaty rate, or the foreign holder otherwise establishes to the satisfaction of the Conversion Agent that such holder is exempt from tax on such conversion. For this purpose, a non-United States person is any person who, for United States federal income tax purposes, is neither (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in or under the laws of the United States or of any State or of any of its territories or possessions, or (iii) a domestic trust or estate. A holder's status as a foreign holder and eligibility for a reduced rate of withholding will be determined by reference to the holder's address and to any outstanding certificates (e.g., Form W-8 or substitute) or statements concerning eligibility for a reduced rate of withholding, unless facts and circumstances indicate that reliance is not warranted. FOREIGN HOLDERS SHOULD CONSULT THEIR TAX ADVISOR REGARDING THESE WITHHOLDING RULES AND THE PROCEDURES FOR OBTAINING A REFUND IF THE AMOUNT WITHHELD EXCEEDS THE HOLDER'S FINAL TAX LIABILITY.

11. Special Payment Instructions; Special Delivery Instructions. If the Conversion Premium or Common Stock to be received in the Conversion Offer, or any 2006 Notes not tendered or not accepted for conversion, are to be returned in

the name of someone other than the tendering holder, the tendering holder must fill in the information in the box entitled "Special Payment Instructions." If the Conversion Premium or Common Stock to be received in the Conversion Offer, or any 2006 Notes not tendered or accepted for conversion, are to be mailed to an address other than that shown herein, the tendering holder must fill in the information in the box entitled "Special Delivery Instructions."

12. Definitions. Capitalized terms used in this Notice of Special Conversion and not otherwise defined have the meanings given to such terms in the Offer of Premium.

13. Requests for Assistance or Additional Copies. Questions relating to the procedures for acceptance of the Conversion Offer, as well as requests for additional copies of the Offer of Premium and this Notice of Special Conversion, may be directed to the Information Agent for the Conversion Offer at the address and telephone number set forth below.

THE INFORMATION AGENT FOR THE OFFER IS:
 [GEORGESON & COMPANY INC. LOGO]
 Wall Street Plaza
 New York, NY 10005

Call Toll-Free: (800) 223-2064
 Brokers and Banks, please call: (800) 445-1790

IMPORTANT: THIS NOTICE OF SPECIAL CONVERSION (OR A FACSIMILE HEREOF), TOGETHER WITH THE 2006 NOTES AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY, MUST BE RECEIVED BY THE CONVERSION AGENT ON OR PRIOR TO THE EXPIRATION DATE.

IMPORTANT TAX INFORMATION

Under federal income tax law, a Holder whose tendered 2006 Notes are accepted for conversion pursuant to the Conversion Offer is required to provide the Conversion Agent with such Holder's current TIN on Substitute Form W-9 below. If such Holder is an individual, the TIN is his or her Social Security number. If the Conversion Agent is not provided with the correct TIN, the Holder or other payee may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition, the payments made to such Holder or other payee pursuant to the Conversion Offer may be subject to 31% backup withholding tax.

Certain Holders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, that Holder must submit to the Conversion Agent a properly completed Internal Revenue Service Form W-8 (a "Form W-8"), signed under penalties of perjury, attesting to that individual's exempt status. A Form W-8 can be obtained from the Conversion Agent. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions.

If backup withholding applies, the Conversion Agent is required to withhold 31% of the Purchase Price paid to the Holder or other payee. Backup withholding is not an additional tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on the payments made to a Holder or other payee pursuant to the Conversion Offer, the Holder is required to notify the Conversion Agent of the Holder's current TIN (or the TIN of any other payee) by completing the form below, certifying that the TIN provided on Substitute Form W-9 is correct (or that such Holder is awaiting a TIN), and that (i) the Holder has not been notified by the Internal Revenue Service that the Holder is subject to backup withholding as a result of failure to report all interest or dividends or (ii) the Internal Revenue Service has notified the Holder that the Holder is no longer subject to backup withholding.

WHAT NUMBER TO GIVE TO THE CONVERSION AGENT

The Holder is required to give the Conversion Agent the TIN (e.g., Social Security number or Employer Identification Number) of the record owner of the 2006 Notes. If the 2006 Notes are registered in more than one name or are not registered in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report.

PAYER'S NAME: THE BANK OF NEW YORK

SUBSTITUTE
FORM W-9

PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT
RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.

Social Security Number(s)
or Employer Identification
Number(s)

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
PAYER'S REQUEST FOR
TAXPAYER IDENTIFICATION
NUMBER ("TIN")

PART 2 -- CERTIFICATION -- Under penalties of perjury, I certify that:
(1) The number shown on this form is my correct taxpayer identification
number (or I am waiting for a number to be issued to me) and
(2) I am not subject to backup withholding because (a) I am exempt from
backup withholding or (b) I have not been notified by the Internal Revenue
Service (IRS) that I am subject to backup withholding as a result of
failure to report all interest or dividends or (c) the IRS has notified
me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS -- You must cross out item (2) above if you have
been notified by the IRS that you are currently subject to backup
withholding because of underreporting interest or dividends on your tax
return.

Signature

Date

PART 3 -- Awaiting TIN []

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN A \$50 PENALTY IMPOSED BY THE INTERNAL REVENUE SERVICE AND BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE CONVERSION OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 31% of all reportable cash payments made to me thereafter will be withheld until I provide a taxpayer identification number.

(SIGNATURE)

(DATE)

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9

A. TIN = The Taxpayer Identification Number for most individuals is your social security number. Refer to the following chart to determine the appropriate number.

FOR THIS TYPE OF ACCOUNT: -----	GIVE THE SOCIAL SECURITY NUMBER OF -- -----
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
5. Sole proprietorship	The owner(3)

FOR THIS TYPE OF ACCOUNT: -----	GIVE THE EMPLOYER IDENTIFICATION NUMBER OF -- -----
6. Sole proprietorship	The owner(3)
7. A valid trust, estate, or pension trust	The legal entity(4)
8. Corporate	The corporation
9. Association, club, religious, charitable, educational or other tax-exempt organization account	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture	The public entity

- (1) List first and circle the name of the person whose number you furnish.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Show the individual's name. You may also enter your business name or "doing business as" name. You may use either your Social Security number or your employer identification number.
- (4) List first and circle the name of the legal trust, estate or pension trust.

NOTE: If no owner is circled when there is more than one name, the number will be considered to be that of the first name listed.

- (5) Exempt Payee -- The following lists exempt payees. If you are exempt, you must complete the form and provide your TIN in order to establish that you are exempt. Write "Exempt" in Part II of the form, sign and date the form.

For this purpose, Exempt Payee includes: (1) A corporation; (2) An organization

exempt from tax under section 301(a), or an individual retirement plan (IRA) or a custodial account under 403(b)(7); (3) The United States or any of its agencies or instrumentalities; (4) A State, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities; (5) A foreign government or any of the political subdivisions, agencies or instrumentalities; (6) An international organization or any of its agencies or instrumentalities; (7) A foreign central bank of trust; (8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.; (9) A dealer in securities or commodities required to register with the Commodity Exchange Trading Commission; (10) A real estate investment trust; (11) An entity registered at all times during the past year under the Investment Company Act of 1940; (12) A common trust fund operated by a bank under Section 584(a); (13) A financial institution; (14) A person registered under the Investment Company Act of 1940 who regularly acts as a broker.

PRESS RELEASE

CONTACT: J. PETER HYNES, UNISYS, 215-986-6948
INTERNET: peterjhynes@unn.unisys.com

UNISYS ANNOUNCES A SPECIAL OFFER TO CONVERT
\$294 MILLION OF ITS 8 1/4% CONVERTIBLE NOTES DUE 2006

BLUE BELL, PA, NOVEMBER 7, 1997 -- Continuing its aggressive efforts to reduce debt, Unisys Corporation announced today that it was making a special conversion offer to holders of its 8 1/4% convertible subordinated notes due in the year 2006. Under the offer, holders of these notes who elect to convert their notes into common shares will receive a cash premium of \$155 plus accrued interest for each note. The market value of each note based on yesterday's last reported sale price was \$2,120. Each note is convertible into approximately 145 shares of Unisys common stock.

"We feel this is an attractive offer to holders of these notes and hope that our noteholders will take advantage of the opportunity to convert," said Lawrence A. Weinbach, Unisys chairman, president, and chief executive officer. "We have set a target of reducing our debt by \$1 billion by the year 2000 and are taking tangible steps toward that goal. Last month we successfully completed a conversion of our 8 1/4% year 2000 convertible notes, which reduced our debt by \$345 million and increased shareholders' equity by a similar amount. Step by step, we are moving to reduce debt, reduce interest expense, and create a more flexible capital structure that supports our growth initiatives."

Unisys said it will take a one-time charge against net income in the fourth quarter to cover the cost of the transaction. Measuring the exact impact of the transaction is dependent on the

amount of notes held by noteholders who accept this offer. Assuming the full \$294 million of notes are converted, the company would take a one-time charge against fourth-quarter net income of approximately \$46 million, would issue an additional 42.8 million shares of common stock, and would save approximately \$24 million in annual interest payments. Unisys currently has approximately 210 million common shares outstanding. The company said the conversion will not impact fully diluted earnings per share since the additional shares are already included in this calculation.

The company said the offer and withdrawal rights will remain open until 5:00 p.m., Eastern Standard Time, on December 8, 1997, unless extended. Procedures and materials for surrendering the notes for conversion will be mailed to noteholders by Georgeson & Company Inc. Noteholders with questions should contact Georgeson at (800) 223-2064.

NOTICE OF PREMIUM UPON CONVERSION
OF UP TO \$294,000,000 IN PRINCIPAL AMOUNT OF THE
8 1/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006

OF

UNISYS CORPORATION

November 7, 1997

To Our Clients:

Enclosed for your consideration is an Offer of Premium Upon Conversion ("Offer of Premium") dated November 7, 1997 of Unisys Corporation (the "Company") and a related Notice of Special Conversion (which together constitute the "Conversion Offer") relating to the offer by the Company, upon the terms and subject to the conditions of the Conversion Offer, to pay a cash premium (the "Conversion Premium") equal to \$155.00 plus accrued and unpaid interest from September 15, 1997 to the Expiration Date (as defined in the Offer of Premium) for each \$1,000 in principal amount of the Company's 8 1/4% Convertible Subordinated Notes due 2006 (the "2006 Notes") which are converted into Common Stock, par value \$.01 per share (the "Common Stock"), of the Company prior to the Expiration Date. A Noteholder whose 2006 Notes are tendered and accepted for conversion pursuant to the Conversion Offer will receive 145.4545 shares of Common Stock (based upon the 2006 Notes' original conversion price of \$6.875 per share of Common Stock) and the Conversion Premium for each \$1,000 in principal amount of 2006 Notes. The Company will accept for conversion pursuant to the Conversion Offer no more than \$294 million in principal amount of the 2006 Notes.

Your attention is directed to the following:

1. The Conversion Offer, proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on Monday, December 8, 1997, unless extended.

2. The Company expressly reserves the right to (i) extend, amend or modify the terms of the Conversion Offer in any manner and (ii) withdraw or terminate the Conversion Offer at any time for any reason. The Conversion Offer is not conditioned upon any minimum amount of 2006 Notes being tendered.

3. Any transfer taxes applicable to the conversion of 2006 Notes pursuant to the Conversion Offer will be paid by the Company, except as otherwise provided in Instruction 5 of the Notice of Special Conversion.

4. Upon the terms and subject to the conditions of the Conversion Offer, if no more than \$294 million in principal amount of the 2006 Notes has been validly tendered pursuant to the Conversion Offer and not withdrawn prior to the Expiration Date, the Company will accept for conversion all such 2006 Notes, and if more than \$294 million in principal amount of the 2006 Notes has been validly tendered pursuant to the Conversion Offer and not withdrawn prior to the Expiration Date, the Company will accept such 2006 Notes for conversion pursuant to the Conversion Offer on a pro rata basis (with adjustments to avoid conversions of 2006 Notes other than in \$1,000 increments). Fractional shares of Common Stock will not be issued in the Conversion Offer. A Noteholder otherwise entitled to a fractional share of Common Stock pursuant to the terms of the Conversion Offer shall receive cash equal to the closing sale price of such fractional share on the New York Stock Exchange on the Expiration Date. Any 2006 Notes which are tendered but not accepted for conversion pursuant to the Conversion Offer will be returned to the tendering Noteholder. Holders of 2006 Notes which are not converted into Common Stock pursuant to the Conversion Offer will not be entitled to receive the Conversion Premium upon conversion of such 2006 Notes.

The Conversion Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of 2006 Notes residing in any jurisdiction in which the making of the Conversion Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction.

We are the holder of record of 2006 Notes held for your account. A tender of such 2006 Notes can be made only by us as the record holder and pursuant to your instructions. THE ENCLOSED NOTICE OF SPECIAL CONVERSION IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER 2006 NOTES HELD BY US FOR YOUR ACCOUNT.

WE REQUEST YOUR INSTRUCTIONS ON THE INSTRUCTION FORM ON THE REVERSE SIDE OF

THIS LETTER AS TO WHETHER YOU WISH TO TENDER ANY OR ALL OF THE 2006 NOTES HELD BY US FOR YOUR ACCOUNT, PURSUANT TO THE TERMS AND CONDITIONS OF THE CONVERSION OFFER. IF YOU WISH US TO CONVERT ANY OR ALL OF YOUR 2006 NOTES, PLEASE SO INSTRUCT US BY COMPLETING, EXECUTING AND RETURNING THE INSTRUCTION FORM.

INSTRUCTIONS WITH RESPECT TO CONVERSION OFFER BY
UNISYS CORPORATION
FOR UP TO \$294,000,000 IN PRINCIPAL AMOUNT OF ITS
8 1/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006

The undersigned acknowledges receipt of your letter enclosing the Offer of Premium Upon Conversion ("Offer of Premium"), dated November 7, 1997, and the related Notice of Special Conversion, relating to the offer by Unisys Corporation (the "Company") to pay a cash premium (the "Conversion Premium") equal to \$155.00 plus accrued and unpaid interest from September 15, 1997 to the Expiration Date (as defined in the Offer of Premium) for each \$1,000 in principal amount of the Company's 8 1/4% Convertible Subordinated Notes due 2006 (the "2006 Notes") which are converted into Common Stock, par value \$.01 per share (the "Common Stock"), of the Company prior to the Expiration Date. The undersigned understands that the Company will accept for conversion pursuant to the Conversion Offer no more than \$294 million in principal amount of 2006 Notes.

This will instruct you to tender the principal amount of 2006 Notes indicated below which are held by you for the account of the undersigned, pursuant to the terms and subject to the conditions of the Conversion Offer, and confirm that you may make the representations contained in the Notice of Special Conversion on behalf of the undersigned.

PRINCIPAL AMOUNT OF 8 1/4% CONVERTIBLE
SUBORDINATED NOTES DUE 2006 TO
BE CONVERTED PURSUANT TO THE
CONVERSION OFFER:
\$

-----*

SIGN HERE

SIGNATURES (S)

PLEASE PRINT NAME (S)

ADDRESS

(INCLUDE ZIP CODE)

AREA CODE AND TELEPHONE NUMBER

TAXPAYER IDENTIFICATION OR
SOCIAL SECURITY NUMBER

* Unless otherwise indicated, it will be assumed that all of the undersigned's 8 1/4% Convertible Subordinated Notes due 2006 are to be tendered for conversion pursuant to the Conversion Offer.

NOTICE OF PREMIUM UPON CONVERSION
OF UP TO \$294,000,000 IN PRINCIPAL AMOUNT OF THE
8 1/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006

OF

UNISYS CORPORATION

THE CONVERSION OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 8, 1997, UNLESS EXTENDED.

November 7, 1997

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Unisys Corporation, a corporation organized under the laws of the State of Delaware (the "Company"), is offering, upon the terms and subject to the conditions set forth in the Offer of Premium Upon Conversion dated November 7, 1997 (the "Offer of Premium"), and in the related Notice of Special Conversion enclosed herewith (which together constitute the "Conversion Offer"), to pay a cash premium (the "Conversion Premium") equal to \$155.00 plus accrued and unpaid interest from September 15, 1997 to the Expiration Date (as defined in the Offer of Premium) for each \$1,000 in principal amount of the Company's 8 1/4% Convertible Subordinated Notes due 2006 (the "2006 Notes") which are converted into Common Stock, par value \$.01 per share (the "Common Stock"), of the Company prior to the Expiration Date. A Noteholder whose 2006 Notes are tendered and accepted for conversion pursuant to the Conversion Offer will receive 145.4545 shares of Common Stock (based upon the 2006 Notes' original conversion price of \$6.875 per share of Common Stock) and the Conversion Premium for each \$1,000 principal amount of 2006 Notes. The Company will accept for conversion pursuant to the Conversion Offer no more than \$294 million in principal amount of 2006 Notes.

Upon the terms and subject to the conditions of the Conversion Offer, if no more than \$294 million in principal amount of the 2006 Notes has been validly tendered pursuant to the Conversion Offer and not withdrawn prior to the Expiration Date, the Company will accept for conversion pursuant to the Conversion Offer all such 2006 Notes, and if more than \$294 million in principal amount of the 2006 Notes has been validly tendered pursuant to the Conversion Offer and not withdrawn prior to the Expiration Date, the Company will accept such 2006 Notes for conversion pursuant to the Conversion Offer on a pro rata basis (with adjustments to avoid conversions of 2006 Notes other than in \$1,000 increments). Fractional shares of Common Stock will not be issued in the Conversion Offer. A person otherwise entitled to a fractional share of Common Stock pursuant to the terms of the Conversion Offer shall receive cash equal to the closing price of such fractional share on the New York Stock Exchange on the Expiration Date. Any 2006 Notes which are tendered but not accepted for conversion pursuant to the Conversion Offer will be returned to the tendering Noteholder. Holders of 2006 Notes which are not converted into Common Stock pursuant to the Conversion Offer will not receive the Conversion Premium upon conversion of such 2006 Notes.

For your information and for forwarding to your clients for whom you hold 2006 Notes registered in your name or in the name of your nominee, we enclose the following documents:

1. The Offer of Premium dated November 7, 1997;
2. The Notice of Special Conversion for your use and for the information of your clients. Facsimile copies of the Notice of Special Conversion may be used to convert 2006 Notes pursuant to the Conversion Offer;
3. A form of letter which may be sent to your clients for whose accounts you hold 2006 Notes registered in your name or in the name of your nominee, with space provided for obtaining such client's instructions with regard to the Conversion Offer;

4. A Notice of Guaranteed Delivery to be used to accept the Conversion Offer if the 2006 Notes cannot be delivered to the Conversion Agent by the Expiration Date, or the book-entry transfer of the 2006 Notes cannot be completed by the Expiration Date, or all required documents cannot be delivered to the Conversion Agent by the Expiration Date;

5. A letter from the Chairman, President and Chief Executive Officer of the Company to the holders of 2006 Notes;

6. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9; and

7. A return envelope addressed to The Bank of New York, the Conversion Agent.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE CONVERSION OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MONDAY, DECEMBER 8, 1997, UNLESS EXTENDED.

In all cases, conversion of 2006 Notes accepted for conversion pursuant to the Conversion Offer will be made only after timely receipt by the Conversion Agent of (i) certificates representing such 2006 Notes, (ii) the Notice of Special Conversion (or facsimile thereof) properly completed and duly executed with any required signature guarantees, and (iii) any other documents required by the Notice of Special Conversion.

The Conversion Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of 2006 Notes residing in any jurisdiction in which the making of the Conversion Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction.

The Company will not pay any fees or commissions to brokers, dealers or other persons for soliciting tenders of 2006 Notes pursuant to the Conversion Offer. The Company will, however, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable costs and expenses incurred by them in forwarding materials to their clients. The Company will pay all transfer taxes applicable to the conversion of 2006 Notes pursuant to the Conversion Offer, except as otherwise provided in Instruction 5 of the Notice of Special Conversion.

Questions and requests for assistance with respect to the Conversion Offer should be directed to, and additional copies of the enclosed materials may be obtained from, Georgeson & Company Inc., the Information Agent for the Conversion Offer, at its address and telephone numbers set forth on the back cover of the Offer of Premium.

Very truly yours,

UNISYS CORPORATION

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF THE COMPANY, THE CONVERSION AGENT OR THE INFORMATION AGENT, OR ANY AFFILIATE THEREOF, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENTS OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE CONVERSION OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

NOTICE OF GUARANTEED DELIVERY
TO CONVERT
8 1/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006

OF

UNISYS CORPORATION
PURSUANT TO THE OFFER OF PREMIUM DATED NOVEMBER 7, 1997
AND THE RELATED NOTICE OF SPECIAL CONVERSION
(NOT TO BE USED FOR SIGNATURE GUARANTEES)

This form, or a form substantially equivalent to this form, must be used to accept the Conversion Offer (as defined below) if (i) certificates for the 8 1/4% Convertible Subordinated Notes due 2006 (the "2006 Notes") of Unisys Corporation (the "Company") cannot be delivered to The Bank of New York, as Conversion Agent, by the Expiration Date (as defined in the Company's Offer of Premium Upon Conversion dated November 7, 1997 (the "Offer of Premium")), (ii) the procedure for book-entry transfer of 2006 Notes (as described in the Offer of Premium) cannot be completed by the Expiration Date, or (iii) the Notice of Special Conversion (or a facsimile thereof) and all other required documents cannot be delivered to the Conversion Agent prior to the Expiration Date. This Notice of Guaranteed Delivery, properly completed and duly executed, may be delivered by hand or sent by facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight delivery) or mailed to the Conversion Agent. See "The Conversion Offer -- Procedures for Acceptance of Conversion Offer" in the Offer of Premium.

The Conversion Agent for the Conversion Offer is:

THE BANK OF NEW YORK

For information call: (212) 815-2742

By Mail:
(registered or certified mail recommended)

The Bank of New York
Floor 7E
101 Barclay Street
New York, NY 10286
Attn: Enrique Lopez
Reorganization Section

By Hand or Overnight Courier:

The Bank of New York
101 Barclay Street
Corporate Trust
Securities Window
Ground Level
New York, NY 10286

By Facsimile Transmission:
(212) 571-3080
(for Eligible Institutions only)

PLEASE CONFIRM RECEIPT OF NOTICE OF GUARANTEED DELIVERY BY TELEPHONE.

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION HEREOF VIA FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A NOTICE OF SPECIAL CONVERSION IS REQUIRED TO BE GUARANTEED BY AN ELIGIBLE INSTITUTION, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED ON THE NOTICE OF SPECIAL CONVERSION FOR GUARANTEE OF SIGNATURES.

Ladies and Gentlemen:

The undersigned hereby tenders the principal amount of 2006 Notes indicated below, upon the terms and subject to the conditions contained in the Offer of Premium Upon Conversion dated November 7, 1997 of Unisys Corporation (the "Offer of Premium") and the related Notice of Special Conversion, receipt of which are hereby acknowledged.

Principal Amount of 2006 Notes tendered for conversion pursuant to Conversion Offer: \$ _____

Certificate Number(s) of 2006 Notes tendered (if available): _____

If 2006 Notes will be tendered pursuant to the Conversion Offer by book-entry transfer:

Name of Tendering Institution: _____

Account No. _____

at The Depository Trust Company

Signature(s): _____

Name(s): _____

(PLEASE PRINT)

Address(es): _____

(ZIP CODE)

Area Code and Telephone Number: _____

THE FOLLOWING GUARANTEE MUST BE COMPLETED.

GUARANTEE OF DELIVERY
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm that is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office, branch or agency in the United States, hereby guarantees (i) that the above named person(s) "own(s)" the 2006 Notes tendered hereby within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended, (ii) that such tender of 2006 Notes complies with Rule 14e-4 and (iii) to deliver to the Conversion Agent either the 2006 Notes tendered hereby pursuant to the Conversion Offer, in proper form for transfer, together with the properly completed and duly executed Notice of Special Conversion (or facsimile thereof), with any required signature guarantee, or confirmation of the book-entry transfer of the 2006 Notes tendered hereby into the account of the Conversion Agent at The Depository Trust Company, in each case along with any other required documents, within three New York Stock Exchange trading days after the date of execution of this Notice.

Name of Firm:

Address:

(ZIP CODE)

Area Code and Tel. No.:

Authorized Signature

Name:

(PLEASE TYPE OR PRINT)

Title:

Date:

NOTE: DO NOT SEND CERTIFICATES FOR 2006 NOTES WITH THIS NOTICE OF GUARANTEED DELIVERY. CERTIFICATES FOR 2006 NOTES SHOULD BE SENT WITH YOUR NOTICE OF SPECIAL CONVERSION.

FORM OF LETTER TO NOTEHOLDERS FROM LAWRENCE A. WEINBACH

November 7, 1997

To: Holders of Unisys Corporation 8 1/4% Convertible Subordinated Notes due 2006

I am pleased to announce that, pursuant to the enclosed Offer of Premium, Unisys Corporation (the "Company") is offering to pay a cash premium plus accrued interest to holders of our 8 1/4% Convertible Subordinated Notes due 2006 (the "Notes") who choose to convert Notes into Common Stock of the Company prior to the expiration of the offer. The offer will expire on Monday, December 8, 1997, at 5:00 p.m., New York City time, or on such later date to which the offer is extended by Unisys (the "Expiration Date").

The Notes are convertible into Common Stock of the Company at a conversion price of \$6.875 per share, which is equivalent to a conversion rate of 145.4545 shares of Common Stock for each \$1,000 in principal amount of the Notes.

Holders whose Notes are tendered and accepted for conversion pursuant to this offer will receive the following per \$1,000 in principal amount of Notes:

- 145.4545 shares of Common Stock. Cash in lieu of any fractional share will be paid based upon the closing price of the Common Stock on the Expiration Date.
- \$155 in cash.
- Accrued and unpaid interest from September 15, 1997 to the Expiration Date of \$19.0208 in cash (assuming that the offer expires on December 8, 1997). If the offer is extended beyond December 8, 1997, the amount of accrued and unpaid interest to be paid will increase.

All holders of the \$299 million in principal amount of Notes outstanding are eligible to accept this special conversion offer, but Unisys will accept for conversion pursuant to the offer no more than \$294 million in principal amount of the Notes. In the event that more than \$294 million in principal amount of the Notes is tendered for conversion pursuant to the conversion offer as of the Expiration Date, Unisys will accept such Notes on a pro rata basis.

We hope that you will take advantage of this opportunity to convert your Notes. We have set a target of reducing our debt by \$1 billion by the year 2000 and are taking tangible steps toward that goal. Last month we successfully completed a conversion of our 8 1/4% year 2000 convertible notes, which reduced our debt by \$345 million and increased shareholder's equity by a similar amount. Step by step, we are moving to reduce debt, reduce interest expense, and create a more flexible capital structure that supports our growth initiatives.

If you wish to tender your Notes for conversion pursuant to the offer, you should read carefully the enclosed materials, including the Offer of Premium and the Notice of Special Conversion, and comply with the procedures set forth therein for tendering Notes. Tenders of Notes pursuant to the offer, together with the delivery of any required documents to The Bank of New York (at either of the addresses shown in the Notice of Special Conversion), must be made no later than 5:00 p.m., New York City time, on the Expiration Date.

Questions and requests for assistance, requests for additional copies of the Offer of Premium or of the Notice of Special Conversion and requests for Notices of Guaranteed Delivery should be directed to Georgeson & Company Inc., which has been retained by Unisys to act as Information Agent for the Conversion Offer. Georgeson can be contacted at (800) 223-2064; banks and brokers should call (800) 445-1790.

Very truly yours,

Lawrence A. Weinbach
Chairman, President and Chief
Executive Officer

Enclosures: Offer of Premium
Notice of Special Conversion

FORM OF CONVERSION OFFER ADVISOR AGREEMENT

November 7, 1997

PERSONAL & CONFIDENTIAL

Unisys Corporation
Township Line & Union Meeting Roads
Blue Bell, PA 19424-001

Attention: Mr. Angus F. Smith
Vice President & Treasurer

Gentlemen:

This letter confirms the agreement (the "Agreement") between Unisys Corporation ("Unisys" or the "Company") and Bear, Stearns & Co. Inc. ("Bear Stearns") as follows:

1. The Company hereby engages Bear Stearns to render financial advisory services (the "Services") to the Company in connection with the Company's offer of premium upon conversion ("the Offer") of the Company's 8-1/4% Convertible Notes due 2006 ("the Notes").
2. Bear Stearns hereby accepts the engagement and, in that connection, agrees to advise the Company with respect to the Offer of premium upon conversion.
3. In connection with Bear Stearns' engagement, the Company will furnish Bear Stearns with all information concerning the Company, the Notes, and the Offer which Bear Stearns deems appropriate and will provide Bear Stearns with access to the Company's officers, directors, employees, accountants, counsel and other representatives (collectively, the "Representatives").

The Company recognizes and confirms that in performing its duties pursuant to this Agreement, Bear Stearns will be using and relying entirely on data, material and other information (the "Information") furnished by the Company and its Representatives. The Company hereby agrees and represents that all Information furnished to Bear Stearns pursuant to this Agreement shall be accurate and complete in all material respects at the time provided, and that if the Information becomes inaccurate, incomplete or misleading during the term of Bear Stearns' engagement hereunder, the Company shall so notify Bear Stearns in writing. The Company further represents and warrants that any projections or other Information provided by it to Bear Stearns will have been prepared in good faith and will be based upon assumptions which, in light of the circumstances under which they are made, are reasonable. Accordingly, Bear Stearns assumes no responsibility for the accuracy and completeness of the Information. In rendering its services hereunder, Bear Stearns will be using and relying upon the Information without

independent investigation or verification thereof or independent evaluation of any of the assets or liabilities of the Company. All material non-public information concerning the Company which is given to Bear Stearns will be used solely in the course of the performance of Bear Stearns' services hereunder and will be treated confidentially by Bear Stearns for so long as it remains non-public. Except as otherwise required by law, Bear Stearns will not disclose this Information to any third party without the Company's consent.

4. As compensation for Bear Stearns' services hereunder, the Company will pay to Bear Stearns an advisory fee of \$250,000.00 payable upon execution of this letter.
5. The Company shall reimburse Bear Stearns for all of its reasonable out-of-pocket fees, expenses and costs (including, but not limited to, travel, accommodations, telephone, courier and supplies) in connection with the performance of its activities under this Agreement.

All such fees, expenses and costs will be billed periodically by Bear Stearns and are payable when invoiced. Upon termination or expiration of this Agreement or completion of Bear Stearns' assignment, any unreimbursed fees and expenses will be immediately due and payable. Any obligation pursuant to this Paragraph 5 shall survive the termination or expiration of this Agreement.

6. The Company agrees to indemnify Bear Stearns in accordance with the indemnification provisions (the "Indemnification Provisions") attached to this Agreement, which Indemnification Provisions are incorporated herein and made a part hereof and which shall survive the termination, expiration or supersession of this Agreement.
7. Bear Stearns' engagement hereunder may be terminated at any time by the Company or by Bear Stearns, upon written notice thereof to the other party, provided, however, any termination of Bear Stearns' engagement hereunder shall not affect the Company's obligation to pay fees and expenses to the extent provided for herein and to indemnify Bear Stearns and certain related persons and entities with respect to actions and omissions prior to such termination as provided in the Indemnification Provisions.
8. Except as required by applicable law or otherwise provided above, no opinion rendered or advice given by Bear Stearns, whether formal or informal, may be disclosed in whole or in part, or summarized, excerpted from or otherwise publicly referred to, or made available to third parties without Bear Stearns' prior written consent. In addition, neither Bear Stearns nor its advice may be otherwise publicly referred to without its prior written consent.

9. The Company agrees that, following the completion of the Offer, Bear Stearns has the right to place advertisements in financial and other newspapers and journals at its own expense describing its services to the Company hereunder, provided that Bear Stearns will submit a copy of any such advertisements to the Company for its approval, which approval shall not be unreasonably withheld or delayed.
10. This Agreement does not create, and shall not be construed as creating, rights enforceable by any person or entity not a party hereto, except those who may be entitled thereto by virtue of paragraph 6 and the Indemnification Provisions hereof. The Company acknowledges and agrees that: (i) Bear Stearns is being retained to provide Services to the Company and that Bear Stearns is not being retained to advise the Company on, or to express any opinion as to, the wisdom, desirability or prudence of consummating a transaction and (ii) Bear Stearns is not and shall not be construed as a fiduciary of the Company and shall have no duties or liabilities to the equity holders or creditors of the Company or any other person by virtue of this Agreement or the retention of Bear Stearns hereunder, all of which are hereby expressly waived. The Company also agrees that Bear Stearns shall not have any liability (whether direct or indirect, in contract, tort or otherwise) to the Company or to any person (including, without limitation, equity holders and creditors of the Company) claiming through the Company for or in connection with the engagement of Bear Stearns, this Agreement and the transactions contemplated hereby other than any such liability that is found in a final judgment by a court of competent jurisdiction (not subject to appeal) to have resulted primarily and directly from the negligence or willful misconduct of Bear Stearns. The Company acknowledges that Bear Stearns was induced to enter into this Agreement by, inter alia, the provisions of this paragraph.
11. Bear Stearns acknowledges that the Offer is being made in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended, afforded by Section 3(a)(9) thereof and accordingly agrees that it will not in any way solicit conversions of the Notes or take any other actions that could cause the exemption afforded by Section 3(a)(9) to no longer be available.
12. The Company and Bear Stearns acknowledge and agree that there are no brokers, representatives or other persons which have an interest in compensation due to Bear Stearns from any transactions contemplated herein.
13. If any provision of this Agreement shall be held or made invalid by a statute, rule, regulation, decision of a tribunal or otherwise, the remainder of this Agreement shall not

be affected thereby and, to this extent, the provisions of this Agreement shall be deemed to be severable.

14. The undersigned represents and warrants that it has all requisite power and authority, and all necessary authorizations, to enter into and carry out the terms and provisions of this Agreement.
15. In connection with this engagement Bear Stearns is acting as an independent contractor with duties owing solely to the Company. This Agreement may not be amended or modified except in writing and shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of law principles thereof.

We are delighted to accept this engagement and look forward to working with you on this assignment. Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed duplicate of this letter.

Very truly yours,

BEAR, STEARNS & CO. INC.

By: /s/Fares D. Noujaim
Fares D. Noujaim
Senior Managing Director

ACCEPTED AND AGREED TO:

UNISYS CORPORATION

By: /s/ Angus F. Smith
Angus F. Smith
Vice President & Treasurer

INDEMNIFICATION PROVISIONS

Unisys Corporation (the "Company") agrees to indemnify and hold harmless Bear, Stearns & Co. Inc. ("Bear Stearns"), to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities, obligations, penalties, judgments, awards, costs, expenses and disbursements (and any and all actions, suits, proceedings and investigations in respect thereof and any and all legal and other costs, expenses and disbursements in giving testimony or furnishing documents in response to a subpoena or otherwise), including, without limitation, the costs, expenses and disbursements, as and when incurred, of investigating, preparing or defending any such action, suit, proceeding or investigation (whether or not in connection with litigation in which Bear Stearns is a party), directly or indirectly, caused by, relating to, based upon, arising out of or in connection with (a) the letter agreement dated November 10, 1997 between Bear Stearns and the Company, as it may be amended from time to time (the "Agreement") or (b) any untrue statement or alleged untrue statement of a material fact contained in, or material omissions or alleged material omissions from, any information furnished by the Company to Bear Stearns; provided, however, such indemnity agreement shall not apply to any portion of any such loss, claim, damage, obligation, penalty, judgment, award, liability, cost, expense or disbursement to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from the negligence or willful misconduct of Bear Stearns.

These indemnification provisions shall be in addition to any liability which the Company may otherwise have to Bear Stearns or the persons indemnified below in this sentence and shall extend to the following: The Bear Stearns Companies Inc., Bear, Stearns & Co. Inc., their respective affiliated entities, directors, officers, employees, and controlling persons (within the meaning of the federal securities laws). All references to Bear Stearns in this Indemnification Agreement shall be understood to include any and all of the foregoing.

If any action, suit, proceeding or investigation is commenced, as to which Bear Stearns proposes to demand indemnification, it shall notify the Company with reasonable promptness; provided, however, that any failure by Bear Stearns to notify the Company shall not relieve the Company from its obligations hereunder. Bear Stearns shall have the right to retain counsel of its own choice to represent it, and the Company shall pay the fees, expenses and disbursements of such counsel; and such counsel shall, to the extent consistent with its professional responsibilities, cooperate with the Company and any counsel designated by the Company. The Company shall be liable for any settlement of any claim against Bear Stearns made with the Company's written consent, which consent shall not be unreasonably withheld. The Company shall not, without the prior written consent of Bear Stearns, settle or compromise any claim, or permit a default or consent to the entry of any judgment in respect thereof, unless such settlement, compromise, or consent includes, as an unconditional term thereof, the giving by the claimant to Bear Stearns of an unconditional release from all liability in respect of such claim.

In order to provide for just and equitable contribution, if a claim for indemnification pursuant to these indemnification provisions is made but it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification may not be enforced in such case, even though the express provisions hereof provide for indemnification in such case, then the Company, on the one hand, and Bear Stearns, on the other hand, shall contribute to the losses, claims, damages, obligations, penalties, judgments, awards, liabilities, costs, expenses and disbursements to which the indemnified persons may be subject in accordance with the relative benefits received by the Company, on the one hand, and Bear Stearns, on the other hand, and also the relative fault of the Company, on the one hand, and Bear Stearns, on the other hand, in connection with the statements, acts or omissions which resulted in such losses, claims, damages, obligations, penalties, judgments, awards, liabilities, costs, expenses and disbursements and the relevant equitable considerations shall also be considered. No person found liable for a fraudulent misrepresentation shall be entitled to contribution from any person who is not also found liable for such fraudulent misrepresentation. Notwithstanding the foregoing, Bear Stearns shall not be obligated to contribute any amount hereunder that exceeds the amount of fees previously received by Bear Stearns pursuant to the Agreement.

Neither termination nor completion of the engagement of Bear Stearns referred to above shall affect these indemnification provisions which shall then remain operative and in full force and effect.

FORM OF CONVERSION AGENT AGREEMENT

The Bank of New York
101 Barclay Street
New York, NY 10286

Attention: Ms. Lucille Firrincieli

Ladies and Gentlemen:

Unisys Corporation, a Delaware corporation (the "Offeror"), is offering to pay a cash premium (the "Conversion Premium") equal to \$155.00 plus accrued and unpaid interest to the Expiration Date (as defined below) for each \$1,000 in principal amount of its 8 1/4% Convertible Subordinated Notes due 2006 (the "2006 Notes"), the holder of such a 2006 Note being referred to herein as a "Holder" that is converted into Common Stock, \$.01 par value per share (the "Common Stock"), of the Offeror prior to the Expiration Date, upon the terms and subject to the conditions set forth in the Offer of Premium Upon Conversion dated November 7, 1997 and the related Notice of Special Conversion, copies of which are attached hereto as Exhibits A and B, respectively, and which together, as they may be supplemented from time to time, constitute the "Conversion Offer".

The Offeror hereby appoints The Bank of New York to act as Conversion Agent in connection with the Conversion Offer. References hereinafter to "you" shall refer to The Bank of New York.

The Conversion Offer was commenced by the Offeror on November 7, 1997. The Notice of Special Conversion that accompanies the Offer of Premium is to be used by the Holders to accept the Conversion Offer, and contains instructions with respect to the delivery of 2006 Notes tendered.

The Conversion Offer shall expire at 5:00 p.m., New York City time, on December 8, 1997 (the "Initial Expiration Date"), or on such subsequent date or time to which the Offeror may extend the Conversion Offer. Subject to the terms of the Conversion Offer, the Offeror expressly reserves the right to extend the Conversion Offer from time to time and may extend the Conversion Offer by giving notice to you before 9:00 a.m., New York City time, on the business day following the scheduled Expiration Date. The later of the Initial Expiration Date or the latest time and date to which the Conversion Offer may be so extended is hereinafter referred to as "the Expiration Date".

1. You will establish and maintain a book-entry account in respect of the 2006 Notes at The Depository Trust Company ("DTC"), in connection with the

Conversion Offer, in accordance with Rule 17Ad-14 under the Securities Exchange Act of 1934, as amended. Any financial institution that is a participant in the DTC system may make book-entry delivery of 2006 Notes by causing DTC to transfer such 2006 Notes into the account maintained by you, pursuant to this paragraph, in accordance with DTC's procedure for such transfer, and you may effect a withdrawal of 2006 Notes through such account by book-entry movement. Holders of certificates in physical form must deliver such certificates, together with the Notice of Special Conversion (or facsimile thereof) with any required signature guarantees and any other documents to you in order for 2006 Notes to be properly tendered. The accounts shall be maintained until all 2006 Notes tendered pursuant to the Conversion Offer shall have been either accepted for conversion pursuant to the Conversion Offer or returned.

2. You are to examine each of the Notices of Special Conversion and certificates for 2006 Notes and any other documents delivered or mailed to you by or for Holders to ascertain whether: (i) the Notices of Special Conversion and any such other documents are duly executed and properly completed in accordance with instructions set forth therein and (ii) the Notices of Special Conversion have otherwise been properly tendered. In each case where the Notice of Special Conversion or any other document has been improperly completed or executed or any of the certificates for 2006 Notes are not in proper form for transfer or some other irregularity in connection with the acceptance of the Conversion Offer exists, you will endeavor to inform the presenters of the need for fulfillment of all requirements and to take any other action as may be necessary or advisable to cause such irregularity to be corrected.

3. With the approval of an authorized officer of the Offeror, Gary D. Fromer, Esquire, counsel to the Offeror (such approval, if given orally, to be confirmed in writing), or any other party designated by such an officer, you are authorized to waive any irregularities in connection with any tender pursuant to the Conversion Offer.

4. Tenders of Notices of Special Conversion may be made only as set forth in the section of the Offer of Premium entitled "The Conversion Offer -- Procedures for Acceptance of Conversion Offer", and 2006 Notes shall be considered properly tendered to you only when:

- (a) certificates for 2006 Notes (whether physically delivered or delivered pursuant to the procedure for book-entry transfer set forth in the section of the Offer of Premium entitled "The Conversion Offer -- Procedures for Acceptance of Conversion Offer" in which latter case confirmation of receipt of such tendered 2006 Notes must be received by you) are covered by a properly completed and duly executed Notice of Special Conversion received by you (together with any other required documents) prior to the Expiration Date, or by an appropriate Notice of Guaranteed Delivery received by you in accordance with the Offer of Premium prior to the

Expiration Date. For the purposes of these instructions, "an appropriate Notice of Guaranteed Delivery" shall be a Notice of Guaranteed Delivery substantially in the form attached hereto as Exhibit C, which is either delivered to you by hand or transmitted to you by facsimile transmission and mail or overnight courier;

- (b) certificates for 2006 Notes (together with any other required documents) are received by you, or you have received confirmation of receipt of such 2006 Notes pursuant to the book-entry transfer procedures set forth in the Offer of Premium, prior to the Expiration Date or, in the case of an appropriate Notice of Guaranteed Delivery, along with a properly completed and duly executed Notice of Special Conversion (or a manually signed facsimile thereof) and any other documents required by the Notice of Special Conversion, within three New York Stock Exchange, Inc. trading days after the date of such Notice of Guaranteed Delivery; and
- (c) the adequacy of the items relating to certificates for 2006 Notes and the related Notice of Special Conversion has been favorably passed upon as above provided.

Notwithstanding the provisions of this paragraph 4, (i) 2006 Notes which the Offeror shall approve as having been properly tendered and (ii) 2006 Notes which are properly tendered pursuant to the procedures of DTC's Automated Tender Offer Program shall be considered to be properly tendered.

A tender made on the basis of an appropriate Notice of Guaranteed Delivery will not be considered to have been properly made unless certificates for all of the 2006 Notes covered thereby have been deposited (either physically or pursuant to book-entry transfer) within the time periods provided in this paragraph 4 and the Offer of Premium; and when all such certificates have been so delivered and all other requirements in this paragraph 4 and the Offer of Premium have been complied with, the tender will be deemed effected at the time of receipt by you of the Notice of Special Conversion or appropriate Notice of Guaranteed Delivery, as the case may be, provided for in the Offer of Premium and this paragraph 4.

5. You shall advise the Offeror with respect to any 2006 Notes received subsequent to the Expiration Date and accept its instructions with respect to disposition of such 2006 Notes.

6. You shall accept tenders:

- (a) in cases where the 2006 Notes are registered in two or more names only if signed by all named holders.

- (b) in cases where the signed person (as indicated on the Notice of Special Conversion) is acting in a fiduciary or a representative capacity only when proper evidence of his authority so to act is submitted.
- (c) from persons other than the registered holder provided that normal transfer requirements, including any applicable transfer taxes, are fulfilled.

You shall accept partial tenders of 2006 Notes where so indicated in the Notice of Special Conversion and deliver certificates for 2006 Notes to the trustee for split-up and return of untendered 2006 Notes to the Holder as promptly as practicable.

7. The Offeror will accept for conversion pursuant to the Conversion Offer 2006 Notes duly tendered on the terms and subject to the conditions set forth in the Offer of Premium and the Notice of Special Conversion. Payment of the Conversion Premium and accrued interest in respect of 2006 Notes duly tendered and purchased pursuant to the Conversion Offer will be made by check on behalf of the Offeror by you at the rate set forth in the Offer of Premium (or such higher amount as is offered by the Offeror pursuant to the Conversion Offer) as soon as practicable after notice (such notice, if given orally, to be confirmed in writing) of acceptance of said 2006 Notes by the Offeror and the funds referred to below are received by you; provided, however, that in all cases, payment for 2006 Notes tendered and accepted for conversion pursuant to the Conversion Offer will be made only after timely receipt by you of certificates for such 2006 Notes (or timely confirmation of a book-entry transfer of such 2006 Notes into your account at DTC), a properly completed and duly executed Notice of Special Conversion (or facsimile thereof) and any other required documents.

Immediately available funds representing the aggregate amount of Conversion Premium due to tendering Holders, along with certificates representing the shares of Common Stock into which validly tendered 2006 Notes are being converted (or book-entry transfer of such shares), will be deposited with you on the day checks and share certificates are to be mailed or delivered by you. After such payment, you shall promptly present certificates for said 2006 Notes, and any applicable transfer taxes (to be furnished by the Offeror), together with any other documents reasonably requested by the Offeror, including a certificate by you indicating the number of 2006 Notes validly tendered for conversion, all in accordance with written instructions from the Offeror.

8. 2006 Notes tendered for conversion pursuant to the Conversion Offer are irrevocable, except that 2006 Notes tendered for conversion pursuant to the Conversion Offer may be withdrawn at any time prior to the Expiration Date, and unless theretofore purchased by the Offeror, may also be withdrawn at any time on or after January 7, 1998, if not accepted for purchase. See the Offer of Premium for further details.

9. The Offeror shall not be required to accept any 2006 Notes tendered for conversion pursuant to the Conversion Offer if any of the conditions set forth in the Conversion Offer are not met. Notice of any decision by the Offeror not to purchase or pay for any 2006 Notes tendered shall be given (and confirmed in writing) by the Offeror to you.

10. If, pursuant to the Conversion Offer, the Offeror does not accept for conversion, and deliver to you the Conversion Premium, and shares of Common Stock due in respect of, the 2006 Notes validly tendered, you shall as soon as practicable return those certificates for unaccepted 2006 Notes (or effect appropriate book-entry transfer), together with any related required documents and the Notices of Special Conversion relating thereto that are in your possession, to the persons who deposited them.

11. All certificates for unaccepted 2006 Notes, checks or drafts for the Conversion Premium and certificates for shares of Common Stock due upon conversion of the 2006 Notes shall be forwarded by first-class mail.

12. You are not authorized to offer to pay any concessions, commissions or solicitation fees to any broker, dealer, bank or other persons or to engage or utilize any person to solicit tenders.

13. As Conversion Agent hereunder you:

- (a) shall have no duties or obligations other than those specifically set forth herein or as may be subsequently set forth herein or as may be subsequently agreed to between you and the Offeror;
- (b) will be regarded as making no representations and having no responsibilities as to the validity, sufficiency, value or genuineness of any of the certificates or the 2006 Notes represented thereby deposited with you pursuant to the Conversion Offer, and will not be required to and will make no representation as to the validity, value or genuineness of the Conversion Offer;
- (c) shall not be obligated to take any legal action hereunder which might in your judgment involve any expense or liability, unless you shall have been furnished with reasonable indemnity;
- (d) may reasonably rely on and shall be protected in acting in reliance upon any certificate, instrument, opinion, notice, letter, telegram, or other document or security delivered to you and reasonably believed by you to be genuine and to have been signed by the proper party or parties;

- (e) may act upon any tender, statement, request, comment, agreement or other instrument whatsoever not only as to its due execution and validity and effectiveness of its provisions, but also as to the truth and accuracy of any information contained therein, which you shall in good faith believe to be genuine or to have been signed or represented by a proper person or persons;
- (f) may rely on and shall be protected in acting upon written or oral instructions from any authorized officer of the Offeror;
- (g) may consult with counsel of your selection with respect to any questions relating to your duties and responsibilities and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken, suffered or omitted by you hereunder in good faith and in accordance with the opinion of such counsel, and
- (h) shall not advise any person tendering 2006 Notes pursuant to the Conversion Offer as to the wisdom of accepting the Conversion Offer.

Offeror and you hereby acknowledge that you are the Trustee for the 2006 Notes pursuant to the First Supplemental Indenture, dated as of March 8, 1996, to the Indenture dated as of March 1, 1996, between Offeror and you (together, as amended from time to time, the "2006 Notes Indenture"). You agree that, in connection with the Conversion Offer, you will continue to perform all of your duties and obligations, and shall retain all of your rights, as Trustee under the 2006 Notes Indenture.

14. You shall take such action as may from time to time be requested by the Offeror (and such other action as you may deem appropriate) to furnish copies of the Offer of Premium, Notice of Special Conversion and Notice of Guaranteed Delivery in the forms attached hereto, or in such other forms as may be approved from time to time by the Offeror, to all persons requesting such documents and to accept and comply with telephone requests for information relating to the Conversion Offer. The Offeror will furnish you with copies of such documents on your request.

15. You are authorized to cooperate with and to furnish information to any organization (and its representatives) designated from time to time by the Offeror in any manner reasonably requested by it in connection with the Conversion Offer and any tenders thereunder.

16. You shall advise by facsimile transmission or telephone, and promptly thereafter confirm in writing, to Office of the Treasurer of the Offeror, (at the address and telephone or other number set forth on Schedule II hereto) and such other person or persons as any of them may request, daily (or more frequently if requested) up to and including the Expiration Date, as to the principal amount of 2006 Notes which has been tendered pursuant to the Conversion Offer

and the items received by you pursuant to this Agreement, separately reporting and giving cumulative totals as items properly received, items improperly received and items covered by Notices of Guaranteed Delivery referred to in paragraph (b) of paragraph 4 hereof. In addition, you will also inform, and cooperate in making available to, the aforementioned persons upon oral request made from time to time prior to the Expiration Date of such other information as they may reasonably request. Such cooperation shall include, without limitation, the granting by you to the Offeror and the persons listed in the preceding sentence, and such persons as the Offeror may request, of access to those persons on your staff who are responsible for receiving tenders, in order to ensure that immediately prior to the Initial Expiration Date and each other Expiration Date, if any, the Offeror shall have received information in sufficient detail to enable it to decide whether to extend the Conversion Offer. You shall prepare a final list of all persons whose tenders were accepted, the principal amount of 2006 Notes tendered, and the principal amount of 2006 Notes accepted and deliver said list to the persons set forth above.

17. Notices of Special Conversion and Notices of Guaranteed Delivery submitted in lieu thereof pursuant to the Offer of Premium shall be stamped by you as to the date, and, after the expiration of the Conversion Offer, the time, of receipt thereof and shall be preserved by you for a period of time at least equal to the period of time you preserve other records pertaining to the transfer of securities. You shall dispose of unused Notices of Special Conversion and other surplus materials by returning them to Office of the Treasurer of the Offeror.

18. For services rendered as Conversion Agent hereunder, you shall be entitled to such compensation as set forth on Schedule I attached hereto upon the completion of the Conversion Offer. The provisions of this section shall survive the termination of this Agreement.

19. You hereby acknowledge receipt of the Offer of Premium and Notice of Special Conversion. Any inconsistency between this Agreement, on the one hand, and the Offer of Premium and Notice of Special Conversion (as they may be amended from time to time), on the other hand, shall be resolved in favor of the latter two documents, except with respect of the duties, liabilities and indemnification of you as Conversion Agent.

20. The Offeror covenants and agrees to indemnify and hold you harmless against any loss, liability, cost or expense, including reasonable attorneys' fees and expenses (incurred without negligence, misconduct or bad faith on your part), arising out of or in connection with any act, omission, delay or refusal made by you in reasonable reliance upon any signature, endorsement, assignment, certificate, order, request, notice, instruction or other instrument or document reasonably believed by you to be valid, genuine and sufficient and in accepting for conversion or effecting any conversion of 2006 Notes reasonably believed by you in good faith to be authorized, and in delaying or refusing in good faith to accept for conversion or effect any conversion of 2006 Notes. In each case, the Offeror shall be notified by you, by letter or facsimile transmission, of the written assertion of a claim against you or of any other action commenced against you, promptly after you shall have received any such written assertion or shall have been served with a summons in connection therewith. The Offeror shall be entitled to participate at its own expense in the defense of any such claim or other action and, if the Offeror so elects, the Offeror shall assume the defense of any suit brought to enforce any such claim. In

the event that the Offeror shall assume the defense of any such suit, the Offeror shall not be liable for the fees and expenses of any additional counsel thereafter retained by you, so long as the Offeror shall retain counsel reasonably satisfactory to you to defend such suit. The provisions of this section shall survive the termination of this Agreement.

21. You shall arrange to comply with all requirements under the tax laws of the United States, including those relating to missing Tax Identification Numbers, and shall file any appropriate reports with the Internal Revenue Service (e.g., 1099, 1099B, etc). The Offeror understands that you are required to deduct 31% on payments to holders who have not supplied their correct Taxpayer Identification Number or required certification. Such funds will be turned over to the Internal Revenue Service.

22. You shall deliver or cause to be delivered in a timely manner to each governmental authority to which any stock transfer taxes are payable in respect of the conversion of 2006 Notes your check in the amount of all stock transfer taxes so payable, and the Offeror shall reimburse you for the amount of any and all transfer taxes payable in respect of the conversion of 2006 Notes; provided, however, that you shall reimburse the Offeror for amounts refunded to you in respect of your payment of any such transfer taxes, at such time as such refund is received by you.

23. This Agreement and your appointment as Conversion Agent hereunder shall be construed and enforced in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such state, and shall inure to the benefit of, and the obligations created hereby shall be binding upon, the successors and assigns of each of the parties hereto. This Agreement may not be modified orally.

24. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but which together shall constitute one and the same agreement.

UNISYS CORPORATION

By: /s/ ANGUS F. SMITH

Name: Angus F. Smith
Title: Vice President and Treasurer

ACKNOWLEDGED AND AGREED:

THE BANK OF NEW YORK

By: /s/ LUCILLE FIRRINCIELI

Name: Lucille Firrincieli
Title: Vice President

FORM OF INFORMATION AGENT AGREEMENT

November 7, 1997

Unisys Corporation
P. O. Box 500
Blue Bell, PA 19424

LETTER OF AGREEMENT

This Letter of Agreement (the "Agreement") sets forth the terms and conditions under which Georgeson & Company Inc. ("Georgeson") has been retained by Unisys Corporation ("Unisys") as Information Agent in connection with the Offer of Premium Upon Conversion of Unisys 8-1/4% Convertible Notes due 2006 (the "Offer"). The term of the Agreement shall be the term of the Offer, including any extensions thereof.

1. During the term of the Agreement, Georgeson will: provide advice and consultation with respect to the planning and execution of the Offer; assist in the preparation and placement of newspaper ads; assist in the distribution of Offer documents to brokers, banks, nominees, institutional investors, and other shareholders and investment community accounts; answer collect telephone inquiries from noteholders and their representatives; provide prompt and accurate information from the Offer documents to such persons; and, if requested, call individuals who are registered holders.
2. Unisys will pay Georgeson a fee of \$10,000, of which half is payable in advance per the enclosed invoice and the balance at the expiration of the Offer, plus an additional fee to be mutually agreed upon if the Offer is extended more than fifteen business days beyond the initial expiration date. If Georgeson is requested to call individuals who are registered holders, Unisys Corporation will pay Georgeson an additional sum computed on the basis of \$8.00 per call. In addition, Unisys will reimburse Georgeson for reasonable costs and expenses incurred by Georgeson in fulfilling the Agreement, including but not limited to: expenses incurred by Georgeson in the preparation and placement of newspaper ads, including typesetting and space charges; postage and freight charges incurred by Georgeson in the delivery of Offer documents; printing costs; charges for the production of shareholder lists (paper, computer cards, etc.), statistical analyses, mailing labels, or other forms of information requested by Unisys or its agents and other expenses or disbursements authorized by Unisys or its agents.
3. If requested, we will check, itemize and pay, on your behalf, from funds provided by you, the charges of brokers and banks, with the exception of ADP Proxy Services which will bill you directly, for forwarding Offer materials to beneficial owners. To ensure that we have sufficient funds in your account to pay these bills promptly, you agree to provide us, at the time we complete the initial delivery of this material, with a preliminary payment equal to 75% of the anticipated broker and bank charges for distributing this material. For this service, you will pay us five dollars and fifty cents (\$5.50) for each broker and bank invoice paid by us. If you prefer to pay these bills directly, please strike out and initial this clause before returning the Agreement to us.

- 4. Georgeson hereby agrees not to make any representations not included in the Offer documents.
- 5. Unisys agrees to indemnify and hold Georgeson harmless against any loss, damage, expense (including, without limitation, reasonable legal and other related fees and expenses), liability or claim arising out of Georgeson's fulfillment of the Agreement (except for any loss, damage, expense, liability or claim arising out of Georgeson's own negligence, misconduct or breach hereof). At its election, Unisys may assume the defense of any such action. Georgeson hereby agrees to advise Unisys of any such liability or claim promptly after receipt of any notice thereof. Georgeson hereby agrees not to settle any litigation in connection with any claim or liability with respect to which Georgeson may seek indemnification from Unisys without Unisys prior written consent. The indemnification contained in this paragraph will survive the term of the Agreement.
- 6. Georgeson agrees to preserve the confidentiality of all non-public information provided by Unisys or its agents for our use in providing services under this Agreement, or information developed by Georgeson based upon such non-public information.

IF THE ABOVE IS AGREED TO BY YOU, PLEASE SIGN AND RETURN THE ENCLOSED DUPLICATE OF THIS AGREEMENT TO GEORGESON & COMPANY INC., WALL STREET PLAZA, NEW YORK, NEW YORK 10005, ATTENTION: MARCY ROTH, CONTRACT ADMINISTRATOR.

ACCEPTED:

Sincerely,

UNISYS CORPORATION

GEORGESON & COMPANY INC.

By: /s/ Angus F. Smith

By: /s/ Kay DeAngelis

Angus F. Smith

Kay DeAngelis

Title: Vice President and Treasurer

Title: Senior Managing Director

Date: November 7, 1997

QUESTIONS AND ANSWERS

Q.1 WHY IS UNISYS MAKING THIS OFFER?

A.1 Unisys is making this offer to provide an incentive for the immediate conversion of up to \$294 million of its 8-1/4% Convertible Subordinated Notes due 2006 into common stock. We expect two benefits from this. It will strengthen the company's balance sheet by increasing its common equity and reducing debt. In addition, it will reduce the future interest payments on the 8-1/4% Convertible Subordinated Notes due 2006, which may improve the company's creditworthiness.

Q.2 WHY ISN'T UNISYS SIMPLY CALLING THE 8-1/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006 FOR REDEMPTION IN ORDER TO FORCE CONVERSION?

A.2 Under terms of the notes, Unisys is not permitted to call the 8-1/4% Convertible Subordinated Notes due 2006 for redemption until March 15, 1999.

Q.3 WHY IS UNISYS SEEKING ONLY \$294 MILLION IN PRINCIPAL AMOUNT OF THE \$299 MILLION OF THE 2006 NOTES OUTSTANDING?

A.3 Unisys has elected to leave at least \$5 million of the 2006 notes outstanding after the induced conversion to ensure that the 2006 notes would remain listed by the New York Stock Exchange for holders choosing not to convert their notes under the offer.

Q.4 WILL HOLDERS OF THE 8-1/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006 WHO CHOOSE TO CONVERT IN THE OFFER RECEIVE UNPAID AND ACCRUED INTEREST?

A.4 Yes.

Q.5 HOW WILL THE CONVERSION AFFECT UNISYS FINANCIAL STATEMENTS?

A.5 Measuring the exact impact of the transaction is dependent on the amount of notes held by noteholders who accept this offer. Assuming the full \$294 million of notes are converted, the company would take a one-time charge against fourth-quarter net income of approximately \$46 million, would issue an additional 42.8 million shares of common stock, and would save approximately \$24 million in annual interest payments. In addition, the company's total debt-to-capital ratio would decline from approximately 51% to 44%.

Q.6 WHAT IS THE TAX TREATMENT OF THE PREMIUM TO THE NOTEHOLDER?

A.6 You should consult your tax advisor. In most circumstances, the premium of \$155 per \$1,000 of principal amount of notes will constitute capital gain provided that the 2006 notes were held as capital assets.

Q.7 HOW MUCH OF THE OUTSTANDING SUBORDINATED 2006 NOTES DOES UNISYS EXPECT TO CONVERT WITH THIS OFFER?

A.7 While we cannot know how many holders will accept, we expect that the combination of the premium of \$155 per \$1000 of principal amount of notes and the option of holding Unisys common stock is attractive to all holders. We will only convert up to \$294 million in principal amount of the 8-1/4% convertible Subordinated Notes due 2006 outstanding pursuant to this offer. Each holder will need to make an individual assessment of the conversion offer.

Q.8 IS THERE A MINIMUM PARTICIPATION REQUIREMENT FOR THE OFFER?

A.8 No. We intend to pay the cash premium of \$155 per \$1,000 in principal amount of all Convertible Subordinated Notes due 2006 properly tendered for conversion, up to \$294 million in principal amount of such notes outstanding.

Q.9 WHEN WILL THE OFFER END?

A.9 The offer and withdrawal rights will end at 5:00 p.m., Eastern Standard Time, December 8, 1997, unless the company extends the offer. The company also has the right to terminate or amend the offer at any time before closing without paying the premium; however, the offer must remain open for 5 to 10 business days after any material amendments to the offer are made.

Q.10 CAN UNISYS CHANGE THE TERMS OF THE OFFER?

A.10 Yes, as stated above, termination of the offer or amendments thereto are permitted. We would give notice of changes in accordance with the SEC's rules. The offer must remain open for 5 to 10 business days after any material amendments to the offer.

Q.11 WHAT WILL HAPPEN TO SUBORDINATED 2006 NOTES THAT ARE NOT CONVERTED IN THE OFFERING?

A.11 Holders of Subordinated 2006 Notes that are not converted in the offering will not be entitled to the \$155 cash premium. Those 2006 notes will remain outstanding, will continue to receive interest payments, and will keep all the other rights and preferences they currently have. Since there is only a limited market for the 2006 notes currently outstanding, the 2006 notes which could remain outstanding after the offer could have substantially reduced liquidity.

Q.12 ARE THERE ANY LIMITATIONS ON TRADING THE COMMON STOCK FOR THE SUBORDINATED NOTEHOLDERS?

A.12 No. Once the 8-1/4% Convertible Subordinated Notes due 2006 are converted, the common stock received is tradable in the public market.

There are no limitations on covering short positions or selling the new shares for a profit.

Q.13 HOW DO I GET MATERIALS TO PARTICIPATE IN THE CONVERSION OFFER?

A.13 If a broker or other custodian holds your 8-1/4% Convertible Subordinated Notes due 2006 registered in its name, the broker should forward materials to you. You should then instruct your broker whether you want to participate in the conversion offer. You may also obtain materials from the information agent for the conversion offer, Georgeson & Company Inc., Wall Street Plaza, 88 Pine Street, New York, NY, 10005. Georgeson's telephone number is (800) 223-2064.