

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2002

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

For the transition period from _____ to _____.

Commission file number 1-8729

UNISYS CORPORATION

(Exact name of registrant as specified in its charter)

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

Unisys Way	19424
Blue Bell, Pennsylvania	(Zip Code)
(Address of principal executive offices)	

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

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

Number of shares of Common Stock outstanding as of March 31, 2002:
321,841,723.

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(Millions)

	March 31, 2002	December 31, 2001
	-----	-----
Assets		

Current assets		
Cash and cash equivalents	\$ 283.3	\$ 325.9
Accounts and notes receivable, net	936.0	1,093.7
Inventories		
Parts and finished equipment	200.4	201.6
Work in process and materials	113.2	144.2
Deferred income taxes	344.1	342.6
Other current assets	110.0	96.1
	-----	-----
Total	1,987.0	2,204.1
	-----	-----
Properties	1,451.5	1,445.0
Less-Accumulated depreciation	914.2	910.8
	-----	-----
Properties, net	537.3	534.2
	-----	-----
Investments at equity	212.1	212.3
Marketable software, net	294.6	287.9
Prepaid pension cost	1,267.8	1,221.0
Deferred income taxes	747.8	747.8
Goodwill	159.3	159.0
Other long-term assets	409.0	402.8
	-----	-----
Total	\$5,614.9	\$5,769.1
	=====	=====
Liabilities and stockholders' equity		

Current liabilities		
Notes payable	\$ 94.7	\$ 78.9
Current maturities of long-term debt	1.8	2.2
Accounts payable	555.3	694.9
Other accrued liabilities	1,259.2	1,312.5
Income taxes payable	228.8	234.6
	-----	-----
Total	2,139.8	2,323.1
	-----	-----
Long-term debt	745.5	745.0
Other long-term liabilities	565.4	588.3
	-----	-----
Stockholders' equity		
Common stock, shares issued: 2002, 323.8; 2001, 322.5	3.2	3.2
Accumulated deficit	(863.8)	(896.5)
Other capital	3,725.0	3,712.8
Accumulated other comprehensive loss	(700.2)	(706.8)
	-----	-----
Stockholders' equity	2,164.2	2,112.7
	-----	-----
Total	\$5,614.9	\$5,769.1
	=====	=====

See notes to consolidated financial statements.

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

	Three Months Ended March 31	
	2002	2001
	-----	-----
Revenue	\$1,362.5	\$1,623.8
	-----	-----
Costs and expenses		
Cost of revenue	973.2	1,196.2
Selling, general and administrative	245.4	245.3
Research and development expenses	65.1	76.0
	-----	-----
	1,283.7	1,517.5
	-----	-----
Operating income	78.8	106.3
Interest expense	17.5	15.9
Other income (expense), net	(12.4)	13.0
	-----	-----
Income before income taxes	48.9	103.4
Provision for income taxes	16.2	34.1
	-----	-----
Net income	\$ 32.7	\$ 69.3
	=====	=====
Earnings per share		
Basic	\$.10	\$.22
	=====	=====
Diluted	\$.10	\$.22
	=====	=====

See notes to consolidated financial statements.

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

	Three Months Ended March 31	
	2002	2001
Cash flows from operating activities		
Net income	\$ 32.7	\$ 69.3
Add(deduct) items to reconcile net income to net cash provided by operating activities:		
Depreciation	36.0	33.3
Amortization:		
Marketable software	29.7	30.4
Deferred outsourcing contract costs	3.9	1.8
Goodwill	-	4.2
(Increase) in deferred income taxes, net	(1.5)	(2.0)
Decrease in receivables, net	147.6	20.9
Decrease(increase) in inventories	32.2	(14.8)
(Decrease) in accounts payable and other accrued liabilities	(199.0)	(241.2)
(Decrease) increase in income taxes payable	(5.8)	11.1
Decrease (increase) in other liabilities	(19.5)	197.4
(Increase) in other assets	(80.6)	(91.1)
Other	33.9	4.5
Net cash provided by operating activities	9.6	23.8
Cash flows from investing activities		
Proceeds from investments	701.7	420.0
Purchases of investments	(699.1)	(415.3)
Investment in marketable software	(36.3)	(34.8)
Capital additions of properties	(39.4)	(31.6)
Net cash used for investing activities	(73.1)	(61.7)
Cash flows from financing activities		
Net proceeds from (reduction in) short-term borrowings	15.9	(29.5)
Proceeds from employee stock plans	7.4	9.2
Payments of long-term debt	(.5)	(.3)
Net cash provided by (used for) financing activities	22.8	(20.6)
Effect of exchange rate changes on cash and cash equivalents	(1.9)	6.5
Decrease in cash and cash equivalents	(42.6)	(52.0)
Cash and cash equivalents, beginning of period	325.9	378.0
Cash and cash equivalents, end of period	\$ 283.3	\$ 326.0

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management, the financial information furnished herein reflects all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods specified. These adjustments consist only of normal recurring accruals. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year.

- a. The following table shows how earnings per share were computed for the three months ended March 31, 2002 and 2001 (dollars in millions, shares in thousands):

	Three Months Ended March 31,	
	2002	2001
Basic Earnings Per Share		
Net income	\$ 32.7	\$ 69.3
Weighted average shares	321,469	316,309
Basic earnings per share	\$.10	\$.22
Diluted Earnings Per Share		
Net income	\$ 32.7	\$ 69.3
Weighted average shares	321,469	316,309
Plus incremental shares from assumed conversions of employee stock plans	1,838	2,720
Adjusted weighted average shares	323,307	319,029
Diluted earnings per share	\$.10	\$.22

During the three months ended March 31, 2002, 22.0 million shares related to employee stock plans were not included in the computation of diluted earnings per share because to do so would have been antidilutive.

- b. Effective January 1, 2002, the company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 no longer permits the amortization of goodwill and indefinite-lived intangible assets. Instead, these assets must be reviewed annually for impairment in accordance with this statement. Accordingly, the company has ceased amortization of all goodwill as of January 1, 2002. During the first quarter of 2002, the company completed the transitional impairment test of goodwill, which indicated that the company's goodwill was not impaired. During the three months ended March 31, 2002, there were no material changes to goodwill as a result of acquisitions, impairment losses, or disposals. Goodwill as of March 31, 2002 was allocated by segment as follows: technology - \$117 million; services - \$42 million.

The company's net income and earnings per share for the three months ended March 31, 2002 and 2001 adjusted to exclude goodwill amortization was as follows (in millions of dollars, except per share amounts):

	Three Months Ended March 31,	
	2002	2001
Reported net income	\$ 32.7	\$ 69.3
Add back goodwill amortization, net of tax	-	3.5
Adjusted net income	\$ 32.7	\$ 72.8
Basic and diluted earnings per share as reported	\$.10	\$.22
Goodwill amortization	-	.01
As adjusted	\$.10	\$.23

c. A summary of the company's operations by business segment for the three-month periods ended March 31, 2002 and 2001 is presented below (in millions of dollars):

	Total	Corporate	Services	Technology
Three Months Ended March 31, 2002 -----				
Customer revenue	\$1,362.5		\$1,049.2	\$313.3
Intersegment		\$(80.7)	11.5	69.2
	-----	-----	-----	-----
Total revenue	\$1,362.5	\$(80.7)	\$1,060.7	\$382.5
	=====	=====	=====	=====
Operating income(loss)	\$ 78.8	\$(3.1)	\$ 52.4	\$ 29.5
	=====	=====	=====	=====
Three Months Ended March 31, 2001 -----				
Customer revenue	\$1,623.8		\$1,175.7	\$448.1
Intersegment		\$(82.1)	13.3	68.8
	-----	-----	-----	-----
Total revenue	\$1,623.8	\$(82.1)	\$1,189.0	\$516.9
	=====	=====	=====	=====
Operating income(loss)	\$ 106.3	\$(9.3)	\$ 27.1	\$ 88.5
	=====	=====	=====	=====

Presented below is a reconciliation of total business segment operating income to consolidated income before taxes (in millions of dollars):

	Three Months Ended March 31 -----	
	2002	2001
	----	----
Total segment operating income	\$ 81.9	\$115.6
Interest expense	(17.5)	(15.9)
Other income (expense), net	(12.4)	13.0
Corporate and eliminations	(3.1)	(9.3)
	-----	-----
Total income before income taxes	\$ 48.9	\$103.4
	=====	=====

d. Comprehensive income for the three months ended March 31, 2002 and 2001 includes the following components (in millions of dollars):

	2002	2001
	----	----
Net income	\$ 32.7	\$ 69.3
Other comprehensive income (loss)		
Cumulative effect of change in accounting principle (SFAS No. 133), net of tax of \$1.8	-	3.3
Cash flow hedges		
Income (loss), net tax of \$1.1 and \$3.7	2.0	6.9
Reclassification adjustments, net of tax of \$(1.8) and \$(1.3)	(3.5)	(2.6)
Foreign currency translation adjustments, net of tax of \$- and \$(1.7)	8.1	(1.5)
	-----	-----
Total other comprehensive income	6.6	6.1
	-----	-----
Comprehensive income	\$ 39.3	\$ 75.4
	=====	=====

Accumulated other comprehensive income (loss) as of December 31, 2001 and March 31, 2002 is as follows (in millions of dollars):

	Total -----	Translation Adjustments -----	Cash Flow Hedges -----
Balance at December 31, 2000	\$(643.7)	\$(643.7)	\$ -
Current-period change	(63.1)	(67.5)	4.4
	-----	-----	-----
Balance at December 31, 2001	(706.8)	(711.2)	4.4
Current-period change	6.6	8.1	(1.5)
	-----	-----	-----
Balance at March 31, 2002	\$(700.2) =====	\$(703.1) =====	\$ 2.9 =====

- e. The amount credited to stockholders' equity for the income tax benefit related to the company's stock plans for the three months ended March 31, 2002 and 2001 was \$2.0 million and \$2.4 million, respectively. The company expects to realize these tax benefits on future Federal income tax returns.

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

Results of Operations

For the three months ended March 31, 2002, the company reported net income of \$32.7 million, or \$.10 per diluted share, compared to \$69.3 million, or \$.22 per diluted share, for the three months ended March 31, 2001.

Total revenue for the quarter ended March 31, 2002 was \$1.36 billion, down 16% from revenue of \$1.62 billion for the quarter ended March 31, 2001. The decrease in revenue was principally due to declines in networks services revenue, reflecting the reduction of low-margin commodity hardware sales as part of network services projects in the year-ago period, and lower technology sales. Excluding the negative impact of foreign currency translations, revenue in the quarter was down 14% when compared to the year-ago period.

U.S. revenue declined 17% in the first quarter compared to the year-ago period and revenue in international markets decreased 15% driven by double-digit declines in Japan, Latin America and Europe.

Total gross profit was 28.6% in the first quarter of 2002 compared to 26.3% in the year-ago period, principally reflecting improvements in the services business and a lower mix of low-margin commodity hardware sales.

For the three months ended March 31, 2002, selling, general and administrative expenses were \$245.4 million (18.0% of revenue) compared to \$245.3 million (15.1% of revenue) for the three months ended March 31, 2001. Research and development expense was \$65.1 million compared to \$76.0 million a year earlier.

For the first quarter of 2002, the company reported an operating income percent of 5.8% compared to 6.5% for the first quarter of 2001, reflecting lower revenue volume.

Information by business segment is presented below (in millions):

	Total	Elimi- nations	Services	Technology
	-----	-----	-----	-----
Three Months Ended March 31, 2002				

Customer revenue	\$1,362.5		\$1,049.2	\$313.3
Intersegment		\$(80.7)	11.5	69.2
	-----	-----	-----	-----
Total revenue	\$1,362.5	\$(80.7)	\$1,060.7	\$382.5
	=====	=====	=====	=====
Gross profit percent	28.6%		21.7%	42.5%
	=====		=====	=====
Operating income percent	5.8%		4.9%	7.7%
	=====		=====	=====
Three Months Ended March 31, 2001				

Customer revenue	\$1,623.8		\$1,175.7	\$448.1
Intersegment		\$(82.1)	13.3	68.8
	-----	-----	-----	-----
Total revenue	\$1,623.8	\$(82.1)	\$1,189.0	\$516.9
	=====	=====	=====	=====
Gross profit percent	26.3%		18.2%	43.0%
	=====		=====	=====
Operating income percent	6.5%		2.3%	17.1%
	=====		=====	=====

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

In the Services segment, customer revenue was \$1.05 billion, down 11% from \$1.18 billion in the year-ago period, as an increase in outsourcing and systems integration was more than offset by declines in network services and proprietary maintenance. The decline in network services revenue was principally due to the reduction of low-margin commodity hardware sales as part of network services projects in the year-ago period. The gross profit percent increased to 21.7% in the current quarter compared to 18.2% in the prior period, reflecting the company's focus on higher-margin opportunities and the effects of cost reduction actions. Operating income percent increased to 4.9% in the current quarter from 2.3% last year, principally due to the gross margin increase.

In the Technology segment, customer revenue declined 30% to \$313 million in the first quarter of 2002 from \$448 million in the prior-year period, principally reflecting a weak market environment for high-end servers as well as weakness in the company's Japanese business and lower specialized technology revenue in the quarter, partly reflecting lower semiconductor test equipment sales, which had benefited from initial shipments of this new technology in the year-ago period. The gross profit percent was 42.5% in the current quarter compared to 43.0% in the prior period. Operating profit in this segment declined to 7.7% in the current quarter from 17.1% in 2001, primarily reflecting lower sales volume.

Interest expense for the three months ended March 31, 2002 was \$17.5 million compared to \$15.9 million for the three months ended March 31, 2001.

Other income (expense), net was an expense of \$12.4 million in the current quarter compared to income of \$13.0 million in the year-ago quarter. The decrease was principally due to foreign exchange losses in the current period compared to gains in the year-ago period. In the June 2002 quarter, other income (expense), net will include a charge of approximately \$20 million relating to the company's share of an early retirement charge recorded by Nihon Unisys, Ltd. ("NUL"). The company owns approximately 28% of the common stock of NUL and accounts for its investment by the equity method.

Income before income taxes was \$48.9 million in the first quarter of 2002 compared to \$103.4 million last year. The provision for income taxes was \$16.2 million in the current period compared to \$34.1 million in the year-ago period. The effective tax rate in both periods was 33%.

Financial Condition

Cash and cash equivalents at March 31, 2002 were \$283.3 million compared to \$325.9 million at December 31, 2001.

During the three months ended March 31, 2002, cash provided by operations was \$9.6 million compared to \$23.8 million for the three months ended March 31, 2001, principally reflecting lower net income and an increase in cash expenditures related to prior-year restructuring charges. Cash expenditures in the current quarter related to prior-year restructuring charges (which are included in operating activities) were approximately \$35 million compared to \$12 million for the prior-year quarter, and are expected to be approximately \$87 million for the remainder of 2002 and \$40 million in total for all subsequent years, principally for work-force reductions and facility costs. Personnel reductions in the current quarter related to these restructuring actions were approximately 600 and are expected to be approximately 1,200 for the remainder of the year.

Cash used for investing activities for the three months ended March 31, 2002 was \$73.1 million compared to \$61.7 million during the three months ended March 31, 2001, principally due to an increase in capital expenditures related to the outsourcing business.

Cash provided by financing activities during the current quarter was \$22.8 million compared to cash used of \$20.6 million in the prior year. The change was principally due to an increase in short-term borrowings in the current quarter compared to a decrease in the prior-year quarter.

At March 31, 2002, total debt was \$842.0 million, an increase of \$15.9 million from December 31, 2001.

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

In March 2001, the company entered into a three-year \$450 million credit agreement. As of March 31, 2002, there were no borrowings under this facility. Borrowings under the agreement bear interest based on the then current LIBOR or prime rates and the company's credit rating. The credit agreement contains financial and other covenants, including maintenance of certain financial ratios, a minimum level of net worth and limitations on certain types of transactions, which could reduce the amount the company is able to borrow. Events of default under the credit agreement include failure to perform covenants, material adverse change, change of control and default under other debt aggregating at least \$25 million. If an event of default were to occur under the credit agreement, the lenders would be entitled to declare all amounts borrowed under it immediately due and payable. The occurrence of an event of default under the credit agreement could also cause the acceleration of obligations under certain other agreements and the termination of the company's U.S. trade accounts receivable facility described below.

In addition, the company has access to certain uncommitted lines of credit from U.S. banks, and certain international subsidiaries maintain short-term credit arrangements with banks in accordance with local customary practice. Other sources of short-term funding are operational cash flows, including customer prepayments, and the company's U.S. trade accounts receivable facility. Using this facility, the company sells, on an on-going basis, up to \$225 million of its eligible U.S. trade accounts receivable through a wholly owned subsidiary, Unisys Funding Corporation I. At March 31, 2002, receivables of \$195 million were sold and therefore removed from the accompanying consolidated balance sheet. The facility is renewable annually at the purchasers' option and expires in December 2003.

At March 31, 2002, the company has met all of the covenants and conditions under its various lending and funding agreements. Since the company believes that it will continue to meet these covenants and conditions, the company believes that it has adequate sources and availability of short-term funding to meet its expected cash requirements.

The company may, from time to time, redeem, tender for, or repurchase its debt securities in the open market or in privately negotiated transactions depending upon availability, market conditions and other factors.

The company has on file with the Securities and Exchange Commission an effective registration statement covering \$1.5 billion of debt or equity securities, which enables the company to be prepared for future market opportunities.

At March 31, 2002, the company had deferred tax assets in excess of deferred tax liabilities of \$1,376 million. For the reasons cited below, management determined that it is more likely than not that \$1,036 million of such assets will be realized, therefore resulting in a valuation allowance of \$340 million.

The company evaluates quarterly the realizability of its deferred tax assets and adjusts the amount of the related valuation allowance, if necessary. The factors used to assess the likelihood of realization are the company's forecast of future taxable income, and available tax planning strategies that could be implemented to realize deferred tax assets. Approximately \$3.2 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. See "Factors that may affect future results" below.

Stockholders' equity increased \$51.5 million during the three months ended March 31, 2002, principally reflecting net income of \$32.7 million, \$10.2 million for issuance of stock under stock option and other plans, \$2.0 million of tax benefits related to employee stock plans and currency translation of \$8.1 million.

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

Factors That May Affect Future Results

From time to time, the company provides information containing "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company's actual results to differ materially from expectations. These other factors include, but are not limited to, those discussed below.

The company's business is affected by changes in general economic and business conditions. It also could be affected by acts of war, terrorism or natural disasters. During 2001, the company faced a very challenging economic environment, compounded by the terrorist attacks of September 11. In this environment, many organizations delayed planned purchases of information technology products and services. For the company, this was particularly the case in several of its key markets: airlines and travel, financial services and communications, with the impact most pronounced for the company in high-end enterprise servers and in systems integration and consulting projects. If the level of demand for the company's products and services does not increase or if it declines in the future, the company's business could be adversely affected.

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

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

The company's future results will depend in part on its ability to accelerate growth in outsourcing and managed services. The company's outsourcing contracts are multi-year engagements under which the company takes over management of a client's technology operations, business processes or networks. The company will need to maintain a strong financial position in order to grow its outsourcing business. In a number of these arrangements, the company hires certain of its clients' employees and may become responsible for the related employee obligations, such as pension and severance commitments. In addition, system development activity on outsourcing contracts may require the company to make significant up-front investments. As long-term relationships, these outsourcing contracts provide a base of recurring revenue. However, in the early phases of these contracts, gross margins may be lower than in later years when the work force and facilities have been rationalized for efficient operations and an integrated systems solution has been implemented.

Future results will also depend in part on the company's ability to drive profitable growth in systems integration and consulting. The company's systems integration and consulting business has been adversely affected by the recent economic slowdown. In this economic environment, customers have been delaying systems integration projects. The company's ability to grow profitably in this

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

business will depend in part on an improvement in economic conditions and a pick-up in demand for systems integration projects. It will also depend on the success of the actions the company has taken to enhance the skills base and management team in this business and to refocus the business on integrating best-of-breed, standards-based solutions to solve client needs. In addition, profit margins in this business are largely a function of the rates the company is able to charge for services and the chargeability of its professionals. If the company is not able to maintain the rates it charges or appropriate chargeability for its professionals, profit margins will suffer. The rates the company is able to charge for services are affected by a number of factors, including: clients perception of the company's ability to add value through its services; introduction of new services or products by the company or its competitors; pricing policies of competitors; and general economic conditions. Chargeability is also affected by a number of factors, including: the company's ability to transition employees from completed projects to new engagements; and its ability to forecast demand for services and thereby maintain an appropriate head count.

Future results will also depend in part on market acceptance of the company's high-end enterprise servers. In its technology business, the company is focusing its resources on high-end enterprise servers based on its Cellular MultiProcessing (CMP) architecture. The company's CMP servers are designed to provide mainframe-class capabilities with compelling price-performance by making use of standards-based technologies such as Intel chips and Microsoft operating system software. In recent months the company has transitioned both its legacy ClearPath servers and its Intel-based ES7000s to the CMP platform, creating a common platform for all the company's high-end server lines. Future results will depend, in part, on customer acceptance of the new CMP-based ClearPath Plus systems and the company's ability to maintain its installed base for ClearPath, which continues to provide the majority of operating profit in the company's technology business. In addition, future results will depend, in part, on the company's ability to generate new customers and accelerate sales of the lower-margin Intel-based ES7000 line. The company believes there is significant growth potential in the developing market for high-end Intel-based servers running Microsoft operating system software. However, competition in this new market is likely to intensify in coming years, and the company's ability to succeed will depend on its ability to compete effectively against enterprise server competitors with more substantial resources and its ability to achieve market acceptance of the ES7000 technology by clients, systems integrators, and independent software vendors.

A number of the company's long-term contracts are for network services, outsourcing, help desk and similar services do not provide for minimum transaction volumes. As a result, revenue levels are not guaranteed. In addition, some of these contracts may permit termination or may impose other penalties if the company does not meet the performance levels specified in the contracts.

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

The company frequently enters into contracts with governmental entities. Risks and uncertainties associated with these government contracts include the availability of appropriated funds and contractual provisions that allow governmental entities to terminate agreements at their discretion before the end of their terms.

The success of the company's business is dependent on strong, long-term client relationships and on its reputation for responsiveness and quality. As a result, if a client is not satisfied with the company's services or products, its reputation could be damaged and its business adversely affected. In addition, if the company fails to meet its contractual obligations, it could be subject to legal liability, which could adversely affect its business, operating results and financial condition.

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

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

Approximately 58% of the company's total revenue derives from international operations. The risks of doing business internationally include foreign currency exchange rate fluctuations, changes in political or economic conditions, trade protection measures, import or export licensing requirements, multiple and possibly overlapping and conflicting tax laws, and weaker intellectual property protections in some jurisdictions.

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

Part II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index

(b) Reports on Form 8-K

During the quarter ended March 31, 2002, the company filed no Current Reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNISYS CORPORATION

Date: April 26, 2002

By: /s/ Janet M. Brutschea Haugen

Janet M. Brutschea Haugen
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Carol S. Sabochick

Carol S. Sabochick
Vice President and
Corporate Controller
(Chief Accounting Officer)

EXHIBIT INDEX

Exhibit Number -----	Description -----
10	Employment Agreement, dated April 25, 2002, between Unisys Corporation and Lawrence A. Weinbach
12	Statement of Computation of Ratio of Earnings to Fixed Charges

April 25, 2002

Mr. Lawrence A. Weinbach
c/o Unisys Corporation
Unisys Way
Blue Bell, Pennsylvania 19424

Dear Mr. Weinbach:

You are presently employed by Unisys Corporation (the "Corporation") as Chairman of the Board, President and Chief Executive Officer under the terms of a letter agreement dated September 23, 1997. This letter agreement (the "Agreement") supersedes and replaces the letter agreement dated September 23, 1997 pursuant to Section 15 below, and describes the terms and conditions of your employment with the Corporation on and after April 1, 2002 and through January 31, 2005. The provisions of this Agreement are as follows:

1. Base Salary. You will continue to serve as Chairman of the Board, President

and Chief Executive Officer of the Corporation with a base salary at the annual rate of not less than \$1,400,000 per year, effective as of April 1, 2002. Your base salary level will be reviewed periodically, but no less frequently than annually, by the Corporate Governance and Compensation Committee (the "Committee") of the Board of Directors or its successor. Provided that the Corporation meets its 2002 Operating Plan for orders, revenue, cash flow and earnings per share, your base salary will be increased in 2003 to not less than \$1,500,000 at the same time as other 2003 annual officer salary actions become effective.

2. Annual Bonus. You will participate in the Executive Variable

Compensation ("EVC") Plan (or any successor bonus plan) and your target will not be less than 100% of your annual paid salary and your maximum potential award under the EVC Plan will be 200% of your EVC target. The actual EVC paid to you, if any, will be determined by the Committee in its sole discretion and will be based on such factors as it deems appropriate. Your actual EVC payments, if any, will be made in cash at the time of the award, subject to your election to defer receipt of all or any portion of the EVC award in accordance with the terms of the Unisys Corporation Deferred Compensation Plan (or any successor deferred compensation program). Subject to the provisions of Sections 8 and 9 below, if you continue to be employed with the Corporation through January 31, 2005, you will be eligible to receive an EVC award for the 2004 award year determined under this Section 2 as if you had continued to be employed through the EVC payout date, such payment to be made at the same time as if you had continued to be employed.

3. Long-Term Incentive Awards. (a) You will be eligible to receive stock

option awards under the terms of the 1990 Unisys Long-Term Incentive Plan (or any successor stock option plan) and will receive stock option awards in each year in which such awards are made to other executive officers generally. You will also be eligible to receive long-term performance awards and restricted share awards under the terms of the 1990 Long-Term Incentive Plan (or any successor thereto) in each year in which such awards are made to executive officers generally. In either case, such awards will be made on a basis no less favorable to you than to other executives generally.

(b) Effective as of April 25, 2002, you will be awarded a stock option grant under the terms of the 1990 Long-Term Incentive Plan for 750,000 shares of Unisys common stock, which award will vest 20% per year commencing on the first anniversary of the date of grant and will have a term of ten years. The exercise price for the grant will be as follows: 500,000 shares will be exercisable at two times the Fair Market Value (as defined in the 1990 Unisys Long-Term Incentive Plan) of Unisys common stock on the date of grant and 250,000 shares will be exercisable at three times the Fair Market Value of Unisys common stock on the date of grant.

4. Benefit Programs; Perquisites. You will receive all the supplemental

executive benefits associated with the position of Chairman, President and Chief Executive Officer, including a company car allowance of \$900 per month. You also will be eligible for a membership in two approved luncheon clubs, an annual executive physical, supplemental life insurance equal to four times the sum of annual base salary plus target EVC (in addition to the Corporation's Group Term Life Insurance), post-retirement life insurance in an amount equal to the greater of \$1,000,000 or two and one-half times your annual base salary rate in effect on the date of termination of your employment or retirement, umbrella personal liability insurance up to \$5,000,000 and contribution toward financial counseling services of \$7,500 per year. Unisys will, during your employment with the Corporation through January 31, 2005, continue to provide you the long-term disability insurance provided by Lloyd's of London as of the date of this Agreement (the "Supplemental LTD Policy"), on a basis and with terms no less favorable than as provided at the date of this Agreement, provided that the issuer of the Supplemental LTD Policy may be changed by Unisys with your prior written agreement, not unreasonably to be withheld. In addition, you and your eligible dependents will be eligible to participate in all basic retirement, welfare (including post-retirement medical and other welfare benefits) and other benefit arrangements generally applicable to executive officers, in accordance with the terms of such arrangements. You will be entitled to receive four weeks of vacation each year. Reasonable expenses associated with the performance of the duties of your position will be reimbursed in accordance with normal Unisys policies. You are also eligible to join a country club of your choice and Unisys will pay your initiation fees and annual dues. Unisys shall

reimburse you for reasonable legal expenses incurred by you in negotiating this Agreement.

5. Supplemental Pension.

(a) You will be entitled to a pension benefit for your life fully vested from your first day of employment and commencing on the first day of the month following the termination of your employment, (provided, however, that in the event termination is for "disability", as defined in Section 8, payment of your benefit under this Section 5 shall begin on the first day of the month following the date payments cease to be made to you under the Supplemental LTD Policy, unless, at any time, the net after-tax benefit to you would be greater under this Section 5 than under the Supplemental LTD Policy and, if applicable, the Unisys Long-Term Disability Plan, in which case the benefit under this Section 5 shall commence on the first day of the month following the date at which your net after-tax benefit will be greater under this Section 5), determined as follows:

Full Years of Service	Annual Accrued Benefit
4	\$ 570,000
5	\$ 710,000
6	\$ 860,000
7 or more	\$1,000,000

A "full year of service" shall be the period from September 23 of one year through September 22 of the following year, commencing from September 23, 1997. The benefit provided to you under this Section 5 will be provided in accordance with the terms of the Unisys Corporation Elected Officer Pension Plan ("EOPP") as modified by the terms of this Agreement, and will be offset by any pension benefit paid to you under the terms of the Unisys Pension Plan (or any successor qualified pension plan) and the Unisys Supplemental Employee Retirement Income Plan (or any successor non-qualified excess pension benefit plan). In the event that your termination is for "disability", as defined in Section 8, and your benefits under this Section 5 have not commenced because you are receiving payments under the Supplemental LTD Policy, you shall not be eligible to commence receipt of benefits under either the Unisys Pension Plan or the Unisys Supplemental Executive Retirement Income Plan until such time that you commence receipt of benefits under the EOPP as modified under this Section 5. If termination of employment occurs prior to the completion of seven full years of service, your benefit will be determined (i) in accordance with the terms of this Section 5 and the provisions of Section 8 or 9 of this Agreement if applicable and (ii) if such termination of employment occurs other than on the date a full year of service is completed, by increasing the annual accrued benefit applicable to your then-completed full years of service by an amount equal to a pro-rata portion of the difference between the annual

accrued benefit that would have been payable had you completed the current year of service and the benefit payable with respect to your actual full years of service. Such pro-rata portion will be based on the number of full months of employment completed since your last full year of service divided by 12.

(b) Notwithstanding the foregoing, if you would receive a larger after-tax benefit if calculated in accordance with Section 5.01 of the EOPP, the amount of your benefit pursuant to this Section 5 will be calculated in accordance with that Section of the EOPP, rather than Section 5(a) above.

(c) Your spouse will, upon your death, be entitled to a life annuity under this Section 5 equal to 50% of the annual benefit (before offsets in accordance with Section 5(a)) which you were receiving at the date of your death (less any amounts due alternate payees under any qualified domestic relations orders). If you die prior to commencement of your benefit under this Section 5, your spouse will be entitled to such survivor's benefit based on the assumption that you had retired and had been receiving retirement payments at the time of your death based on your credited service to that date. Such survivor's benefit shall be offset by any other survivor's pension benefit provided to your spouse under the Unisys Pension Plan (or any other successor qualified pension plan) and the Unisys Supplemental Employee Retirement Income Plan (or any successor non-qualified excess pension benefit plan).

(d) Except as otherwise provided in this Agreement, your pension benefit shall be determined in accordance with the provisions of the EOPP as in effect on the date of this Agreement, or as subsequently modified, if such modifications are favorable to you. If, prior to January 31, 2005, (i) your employment is terminated by the Corporation for "cause" (as defined in Section 9(c)) or (ii) you terminate your employment voluntarily, other than for "disability" (as defined in Section 8) or "good reason" (as defined in Section 9(c)), your benefit will be subject to suspension and forfeiture under the provisions of Section 6.04 of the EOPP, provided, however, that (i) service on the board of directors of other companies will not cause a suspension or forfeiture of benefits under Section 6.04 of the EOPP; (ii) service as an employee of or consultant to an entity a unit of which is in competition with Unisys will not cause a suspension or forfeiture of benefits under Section 6.04 of the EOPP, provided that it can be demonstrated to the reasonable satisfaction of the Committee that procedures are in place to assure that the unit that is in competition with Unisys and any director, officer, employee, consultant or other representative of such unit cannot directly or indirectly avail itself of your services, (iii) service as an employee of or consultant to an entity that provides consulting services to other entities, one or more of which are in competition with Unisys, will not cause a suspension or forfeiture of benefits under Section 6.04 of the EOPP, provided that it can be demonstrated to the reasonable satisfaction of the Committee that procedures are in place to assure that no entity that is in competition with Unisys nor any director, officer, employee, consultant or other

representative of such unit can directly or indirectly avail itself of your services, (iv) "cause" in Section 6.04(b) of the EOPP shall be deemed to be defined as provided in this Agreement; (v) your investment in securities that are listed for trading on a national exchange or NASDAQ (provided that your investment does not exceed 1% of the issued and outstanding shares of stock) and your acquisition of a passive ownership interest in a non-public company will not cause a suspension or forfeiture of benefits under Section 6.04 of the EOPP and (vi) no activity in which you engage while employed under this Agreement which you have undertaken in the good faith belief that it is in the best interests, or that it is not opposed to the best interests, of Unisys shall be deemed the basis for suspending or forfeiting your benefits under Section 6.04 of the EOPP. Your benefit shall not be subject to suspension or forfeiture under any circumstances other than as provided in this Section 5(d).

(e) Notwithstanding anything to the contrary, if any provision of this Agreement is inconsistent with any term or provision of the EOPP, including without limitation Section 6.04 thereof, the provisions of this Agreement shall prevail, and if the EOPP is terminated, it shall be deemed to continue for purposes of providing the benefit in this Section 5.

(f) Upon your termination of employment, the Corporation will purchase and transfer to you (or to your spouse upon your death) an annuity, as provided in this Section 5(f), unless prior to January 31, 2005, (1) your employment is terminated by the Corporation for "cause" (as defined in Section 9(c)) or (2) you terminate your employment voluntarily other than for "disability" (as defined in Section 8), "good reason" (as defined in Section 9(c)) or an "approved personal reason" (as defined in this Section 5(f)). The annuity provided to you (or to your spouse upon your death) will be an individual fixed annuity that, together with benefits payable from the Unisys Pension Plan (or any successor qualified pension plan), will pay to you 40% of the pension benefit, computed prior to offsets for payments due under the terms of the Unisys Pension Plan and the Unisys Supplemental Executive Retirement Income Plan, payable under this Section 5 (and/or the appropriate survivor benefit to your spouse). The annuity will pay you a monthly benefit for your life with a 50% surviving spouse benefit, will be purchased from an insurance company rated at least AA or an equivalent rating by at least two of the three following rating agencies, A.M. Best, Moody's and Standard and Poor's, and will be subject to your reasonable review (or that of your spouse or personal representative, in the event of your death or disability) of the terms of the annuity contract, which will contain terms regarding the nonassignability of the contract by the issuer in the ordinary course of business without your agreement (or that of your spouse or personal representative, in the event of your death or disability), and such other terms as you may reasonably request upon the advice of counsel. The Corporation shall be liable for the remaining 60% of the pension benefit provided for in this Section 5. In addition, the Corporation will make a gross-up payment to you (the "Section 5 gross-up payment") for federal, state and local

income and employment taxes in an amount such that after payment by you of all such taxes imposed as a result of the transfer of the individual annuity and the payment of the Section 5 gross-up payment, you will have been reimbursed 100% by the Corporation for the amount of all such taxes, including taxes on the Section 5 gross-up payment. Anything in this Section 5(f) to the contrary notwithstanding, the Corporation will be liable for the benefits payable to you (or your spouse) under the EOPP as modified by Section 5 of this Agreement regardless of the circumstances of your termination, unless such circumstances constitute a reason for suspension or forfeiture of benefits under Section 6.04 of the EOPP, if applicable pursuant to Section 5(d). "Approved personal reason" means (i) you are advised by a licensed physician that continuation of your employment will result in an immediate and serious hazard to your health, (ii) the health of your spouse makes it impossible for you, in your good faith judgment, to meet your obligations under this Agreement and, at the same time, your responsibilities to your spouse or (iii) such other circumstance that following your written request, the Committee may conclude, in the reasonable exercise of its discretion, warrants approval of such termination, pursuant to this Section 5(f), as a termination for an "approved personal reason". If you intend to terminate your employment voluntarily for purposes of an "approved personal reason", (y) you need to provide the Committee at least 30 days' prior written notice of your intent to terminate your employment, stating with specificity the reason for your termination, and if the condition of your health or your spouse's health is the reason, a detailed description of the medical condition that is the reason for your termination, and (z) in such case, the Committee may, in its reasonable discretion, request an independent medical examination of you or your spouse, as applicable, by a licensed physician mutually agreed to between you and the Corporation in order to verify the medical condition that serves as the basis for your termination for an "approved personal reason".

6. Service on Other Boards. During the term of your employment hereunder, you -----
will render substantially all of your business time to the business affairs of the Corporation. You may serve on the board of directors of other companies and non-profit organizations as expressly approved by the Board of Directors in its discretion.

7. Manhattan Office. For the one-year period following your termination of -----
employment, the Corporation will provide you with an office and secretarial support in a Unisys facility in Manhattan.

8. Death or Disability. If you die while employed or your termination of -----
employment is due to your becoming "disabled" (as defined below), you or your estate will be entitled to the following:

(a) All restrictions on any outstanding restricted stock grant will immediately lapse and your outstanding stock option grants will continue to vest in accordance with the vesting schedule described in your stock option agreements. For purposes of determining your rights (or your beneficiary's rights) under this Section 8 to exercise your stock

options, SARs or other equity-based awards under the 1990 Unisys Long-Term Incentive Plan after your termination due to disability or your death, you will be deemed to have completed at least five years of service and to have terminated employment on your Normal Retirement Date as defined therein;

(b) If termination of employment or death occurs prior to the EVC payout date for the previous EVC award year, you will be eligible to receive an EVC award for such previous award year determined under Section 2 as if you had continued to be employed through the EVC payout date, such payment to be made at the same time that such EVC payment would have been made had you continued to be employed, and an EVC payment for the year in which you terminate employment in an amount equal to a pro rata portion, based on the period of service rendered in such year, of the EVC amount paid for the previous year, payable as soon as practicable after your death or your termination of employment;

(c) Any benefits available under the retirement, welfare, incentive, fringe benefit, deferred compensation and perquisite programs generally available to executive officers upon disability or death or under the terms of this Agreement; and

(d) Any benefits available under Section 5, provided, however, that if your termination is due to disability, you will continue to accrue service for purposes of calculating your benefit under Section 5 until the earlier to occur of (i) the date on which your disability ends or (ii) the date on which you commence receipt of benefits under the EOPP as modified by Section 5.

You will be considered "disabled" if you are determined to be eligible to receive benefits for Total Disability under the Supplemental LTD Policy in accordance with the procedures of the Supplemental LTD Policy. If you become disabled, you will be entitled to the benefits described in this Section 8 and not those described in Section 9.

9. Termination of Employment. (a) Your employment may be terminated by the

Corporation at any time with or without cause. In the event that you are terminated for "cause" (as defined below) or you terminate your employment for other than "good reason" (as defined below), no further amounts will be paid to you hereunder except as otherwise provided under the terms of this Agreement, including, without limitation, Section 5 of this Agreement, and under the normal terms of the retirement, welfare, incentive, fringe, and perquisite programs in which you participated at your date of termination. Your voluntary termination of your employment shall not be deemed a violation of this Agreement.

(b) Upon termination by the Corporation without cause or your termination for good reason, you will be entitled to the following:

(1) An amount equal to 100% of the base salary (at its then current rate on the date of termination) payable for the remaining term of employment hereunder as if you had continued to work through such

remaining term of employment, but in no event less than one year's base salary. Such termination payments will be paid in the same manner and at the same times as the base salary payments would have been paid during employment and the period during which such payments are to be made will be referred to as the "Salary Continuation Period";

(2) If termination of employment occurs prior to the EVC payout date for the previous EVC award year, you will be eligible to receive an EVC award for such previous award year in an amount determined under Section 2 as if you had continued to be employed through the EVC payout date. Such payment will be made at the same time that such EVC payment would have been made had you continued to be employed;

(3) An EVC payment for the year in which such termination occurs in an amount equal to your target EVC percentage as of your date of termination. Such payment will be made promptly following your termination of employment;

(4) An annual EVC award payable for the one-year period following your termination of employment in an amount equal to your target EVC percentage as of your date of termination times the payments made to you under Section 9(b)(1) during such one-year period. Such payment will be made promptly following the expiration of the one-year period;

(5) Continued participation, at the same costs applicable to active employees, through the Salary Continuation Period, in the Unisys Medical and Dental Plans (or, if such participation is prohibited by applicable law or the terms of the plans, participation in arrangements that will provide benefits substantially similar to those available under the Unisys Medical and Dental Plans) for you and your eligible dependents, subject, however, to the generally applicable terms of such plans;

(6) Any other benefits available under this Agreement or under the retirement, welfare, incentive, fringe benefit, deferred compensation and perquisite programs generally available to executive officers upon termination of employment under similar circumstances;

(7) Immediate and full vesting in, and lapse of any remaining restrictions on, all stock options, restricted share and other awards made under the 1990 Unisys Long-Term Incentive Plan (or under any successor incentive plan thereto); for purposes of stock option, SAR and other equity-based award exercise rights under the 1990 Unisys Long-Term Incentive Plan (or any successor incentive plan thereto), you will be treated as if you had retired with at least five years of service and your date of termination will be treated as a Normal Retirement Date as defined therein; and

(8) Your benefit under the EOPP, as modified under Section 5 of this Agreement, will be calculated as if you had continued to be employed for one year following your date of termination.

(c) For purposes of this Section 9, "cause" means (1) in carrying out your duties, you engage in conduct that constitutes willful gross neglect or willful gross misconduct resulting, in either case, in material economic harm to the Corporation, unless you believed in good faith that such action or non-action was in, or not opposed to, the best interests of the Corporation or (2) your conviction of a felony involving moral turpitude. You will not be terminated for "cause" under Section 9(c)(1) unless (A) the Corporation has provided you with written notice stating the basis for the termination and you have been given fifteen days to cure the basis of such claim and (B) you have been given the opportunity for a hearing before the Board of Directors and, after such hearing, at least two-thirds of the Board members who are not employees of the Company vote in favor of your termination for "cause". "Good reason" means (i) a reduction in your aggregate compensation target (base salary plus EVC target), as such amounts may be increased during the term of this Agreement or a material reduction of any employee benefit enjoyed by you, unless such reduction is due to a reduction in compensation or benefits generally applicable to executive officers or (ii) a reduction in your duties or authority, a change in reporting structure such that you report to someone other than the Board of Directors, or your removal as Chairman of the Board, President or Chief Executive Officer of the Corporation or its successor unless such reduction, change or removal is (x) for cause, as defined above, (y) is done with your written consent, or (z) is on account of your inability to substantially perform your duties for an aggregate of 90 days within any consecutive 12 month period due to your becoming "disabled" (within the meaning of the Supplemental LTD Policy, provided that such determination will be made in accordance with the procedures of the Supplemental LTD Policy after the 90-day period described in this Section 9(c)(ii)(z)), and provided that your resignation occurs within 90 days after such reduction, change or removal or (iii) the failure of the Corporation to obtain the assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of the Corporation within 15 days after the effective date of a merger, consolidation, sale or similar transaction, unless you consent to the Corporation's not obtaining such assumption. Notwithstanding the foregoing, if there is a reduction in your duties or authority, a change in your reporting structure and/or you have been removed as Chairman, President and/or Chief Executive Officer as a result of becoming disabled under this Section 9(c)(ii)(z), but you do not qualify for long-term disability benefits under the Supplemental LTD Policy after the six-month period required in the Policy, then you shall be entitled to terminate your employment for "good reason" provided that you make yourself available to return to work promptly after the determination is made that you are not "disabled" and further provided that upon your return to work, the Corporation does not restore the duties, authority, and/or reporting structure that were in place before you became disabled under this Section 9(c)(ii)(z) and does not restore your position as Chairman, President and Chief Executive Officer.

(d) The amounts payable to you under Section 9(b)(1) following your termination of employment will be reduced by the amount of cash

compensation, if any, earned by you for services rendered to any other entity as an employee, independent contractor, consultant, officer, director, or in any other capacity, provided however, that (i) no such reduction will be applied during the two-year period following your termination of employment, and (ii) compensation earned by you for service as a director of any corporation will not cause such a reduction to the extent such compensation is based on the same fee structure as is received by all other directors thereof for Board service. You will promptly advise the Senior Vice President - Worldwide Human Resources of the Corporation of any facts that could cause such a reduction in the amounts payable to you under Section 9(b)(1). Upon written notice from the Corporation, you will promptly reimburse to the Corporation any overpayments made to you as a result of your receipt of the cash compensation described in the first sentence of this Section 9(d), provided that the amount you are required to reimburse shall be on an after-tax basis (that is the amount determined, after taking into account any taxes incurred by you on such overpayment less the tax benefit, if any, you may derive from repayment to the Corporation). Notwithstanding anything herein to the contrary, you shall have no obligation to seek other employment.

(e) Payments or benefits under this Agreement are not intended to duplicate payments or benefits under any other Unisys agreement or severance program, including, without limitation, your Executive Employment Agreement. To the extent that you may be entitled to receive duplicate payments or benefits under this and any other Unisys agreement or program, the provisions of that agreement or program which is most favorable to you or provides you with the greater payment or benefit shall be effective. Solely for the avoidance of doubt, the reference to the term "SERP" in Section 6(a)(i)(C) of your Executive Employment Agreement includes, but is not limited to, the Unisys Supplemental Executive Retirement Income Plan and the EOPP, as modified by Section 5 of this Agreement.

10. Certain Additional Payments by the Corporation. (a) Anything in this

Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Corporation to or for your benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 10) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by you with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by you of all federal, state and local taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments, including the Gross-up Payment.

(b) Subject to the provisions of Section 10(c), all determinations required to be made under this Section 10, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized accounting firm mutually agreed to by the parties (the "Accounting Firm") which shall provide detailed supporting calculations both to the Corporation and you within 15 business days of the receipt of notice from you that there has been a Payment, or such earlier time as is requested by the Corporation. All fees and expenses of the Accounting Firm shall be borne solely by the Corporation. Any Gross-Up Payment, net of any taxes (including income and excise taxes) required to be withheld, as determined pursuant to this Section 10, shall be paid by the Corporation to you within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by you, it shall furnish you with a written opinion that failure to report the Excise Tax on your applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Corporation and you. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Corporation should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to Section 10(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to or for your benefit.

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

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

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

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

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

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses including without limitation, reasonable legal fees. Without limitation on the foregoing provisions of this Section 10(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs you to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to you, on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 10(c), you become entitled to receive any refund with respect to such claim, you shall (subject to the Corporation's complying with the requirements of Section 10(c)) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 10(c), a determination is made that you shall not be entitled to any refund with respect to such claim and the Corporation does not notify you in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid

and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

11. Conduct after Termination. From and after the termination of your

employment for any reason:

(a) For a period of 24 months from the date of termination of your employment, you shall not engage in or become employed as a business owner, employee, agent, representative or consultant in any activity which is in competition with any line of business of Unisys (or its subsidiaries or affiliates) existing as of your termination date, except with the express prior written consent of the Committee, provided, however, you shall be deemed not to be in competition for purposes of Section 11 of this Agreement (1) if you serve on boards of directors of other companies, (2) if you are an employee of or a consultant to an entity a unit of which is in competition with Unisys, provided that it can be demonstrated to the reasonable satisfaction of the Committee that procedures are in place to assure that any unit that is in competition with Unisys and any director, officer, employee, consultant or other representative of such unit cannot directly or indirectly avail itself or themselves of your services, (3) if you are an employee of or a consultant to an entity that provides consulting services to other entities, one or more of which are in competition with Unisys, provided that it can be demonstrated to the reasonable satisfaction of the Committee that procedures are in place to assure that no entity that is in competition with Unisys nor any director, officer, employee, consultant or other representative of such unit can directly or indirectly avail itself or themselves of your services, (4) if you invest in securities which are listed for trading on a national exchange or NASDAQ and your investment does not exceed 1% of the issued and outstanding shares of stock or (5) if you acquire an ownership interest in a non-public company, provided that such ownership represents a passive investment;

(b) For a period of 24 months from the date of termination of your employment, you shall not negatively comment publicly or privately about Unisys (or its subsidiaries or affiliates), any of its products, services or other businesses, its present or past Board of Directors, its officers, or employees, nor shall you in any way discuss the circumstances of your termination of employment, except that (1) you may give truthful testimony before a court or governmental agency, (2) you may make comments about the circumstances of your termination with the prior written approval of the Corporation, (3) you may respond publicly to any untrue public comment made by the Corporation, (4) you may discuss the circumstances of your termination with your attorneys, your financial and tax advisers, members of your family and any prospective employer, provided that you take all necessary steps to assure that each such person does not, as a result of your discussions with them, make any such negative comment prohibited under this Section 11(b) and (5) you may make comments to an arbitrator or court for the purpose of determining or enforcing your rights under this Agreement or any

entitlement under any agreement, plan, award, policy or program with or sponsored by Unisys (or any of its subsidiaries or affiliates);

(c) For a period of eighteen months from the date of the termination of your employment, you shall not induce or attempt to induce any employee of Unisys (or any of its subsidiaries or affiliates) to render services for any other person, firm or business entity, except that you will be permitted to give recommendations, if requested, for employees seeking employment outside of Unisys;

(d) (1) You shall not use, furnish or divulge to any other person, firm or business entity any confidential information relating to Unisys business (or that of any of its subsidiaries or affiliates), or any trade secrets, processes, contracts or arrangements involved in any such business, except (A) when required to do so by a court of law, by any governmental agency having supervisory authority over the business of Unisys or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order you to divulge, disclose or make accessible such information, (B) to an attorney as necessary to enforce your rights under this Agreement, or any other agreement, plan, policy, award or program with or sponsored by Unisys or (C) after such information becomes known to the public or within the relevant industry to which such confidential information pertains.

(2) For a period of 24 months following the date of termination of your employment, Unisys (and its subsidiaries and affiliates) agrees not to negatively comment publicly or privately about you or the circumstances of your termination of employment, except (A) Unisys may give truthful testimony before a court or governmental agency, (B) Unisys may make comments about the circumstances of your termination with your prior written approval, (C) Unisys may respond publicly to any untrue public comment made by you, (D) Unisys may discuss the circumstances of your termination with its attorneys and its financial and tax advisers, provided that it takes reasonable steps to assure that each such person does not, as a result of Unisys discussions with them, make any such negative comment prohibited under this Section 11(d) and (E) Unisys may make comments to an arbitrator or court for the purpose of determining its rights under this Agreement or any agreement, plan, award, policy or program with or sponsored by Unisys (or any of its subsidiaries or affiliates).

(3) You and Unisys mutually agree that the obligations contained in this Section 11 are reasonable and necessary for each party's mutual protection and that one party cannot be reasonably or adequately compensated in damages in an action at law in the event that the other party breaches such obligations. You and Unisys expressly agree that, in addition to any other rights or remedies which each may possess, each shall be entitled to injunctive and other equitable relief to prevent a breach of this Section 11 by the other party, including a temporary restraining order or temporary injunction from any court of competent jurisdiction restraining any threatened or actual violation, and you and Unisys each consents to the entry of such an order and injunctive relief

and waives the making of a bond as a condition for obtaining such relief. Such right shall be cumulative in addition to any other legal or equitable rights and remedies the parties may have. In addition, in the event that you should materially breach your obligations under Section 11(b) or you should breach any other obligation described in this Section 11, Unisys shall have the right to terminate any remaining payments due under Section 9(b)(1) and (4).

(e) (1) With respect to the last paragraph of Section 6(e)(3) of the 1990 Long-Term Incentive Plan, if applicable, the Corporation agrees that (A) the term "cause" shall be construed as defined in this Agreement, (B) in the event that any action is contemplated under such Section, you shall be provided with a written notice stating (i) with specificity, the nature of the alleged conduct that is deemed to be "materially adverse or detrimental to the interests of the Company" and, if such alleged conduct is curable, (ii) the steps, if any, you should reasonably take to cure such alleged conduct and (iii) the period of time by which such alleged violation must be cured (which time period shall not be less than 30 days after receipt of such written notice). No action shall be taken by the Senior Vice-President, Worldwide Human Resources or any other person pursuant to such Section 6.3(e)(3) after the expiration of such time period unless you have been given the opportunity to be heard by the Committee and there is a vote of two-thirds of all non-employee members of the Committee, determining that the alleged conduct is materially adverse or materially detrimental to the interests of the Corporation and instructing the Senior Vice President, Worldwide Human Resources or such other person to take such action.

(2) The restrictive covenants contained in this Section 11 will supersede and replace any similar covenants or provisions relating to the revocation, suspension or restriction of benefits or entitlements for conduct deemed adverse or detrimental to the interests of the Corporation in any plan, program, policy or arrangement sponsored by the Corporation or any of its subsidiaries or affiliates. Other than as expressly set forth in this Agreement, there shall be no restrictions on your activities following termination of your employment, except restrictions imposed by law.

12. Plan Documents; Code of Ethical Conduct. Each of the above-described

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

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

and assigns.

14. Indemnification. You will be entitled to the indemnification rights

contained in the Restated Certificate of Incorporation of Unisys Corporation,
dated September 27, 1999, the By-Laws of Unisys Corporation, dated July 19, 2001
and the Indemnification Agreement between you and the Corporation dated as of
September 23, 1997 as any of them may be amended from time to time. Unisys
agrees to maintain directors and officers liability insurance covering you to
the extent that Unisys provides such coverage for its other directors and
officers.

15. Miscellaneous. Except as expressly set forth herein, this Agreement

constitutes the entire agreement between the parties concerning the subject
matter hereof and supersedes all prior agreements including, without limitation,
the employment agreement dated September 23, 1997. For the avoidance of doubt,
your Indemnification Agreement dated as of September 23, 1997 and your Executive
Employment Agreement dated as of September 23, 1997 continue in full force and
effect. Any reference to your employment agreement dated September 23, 1997 in
the Executive Employment Agreement shall be deemed to refer to this Agreement.
No provision of this Agreement may be modified, waived or discharged unless such
waiver, modification or discharge is agreed to in writing and signed by you and
the Chairman of the Committee or his designee. The validity, interpretation,
construction and performance of this Agreement shall be governed by the laws of
the Commonwealth of Pennsylvania without giving effect to the provisions thereof
relating to conflicts of laws.

16. No Mitigation; No Offset. In the event of any termination of your

employment hereunder, you shall be under no obligation to seek other employment
or otherwise mitigate the obligations of the Corporation under this Agreement,
and, except as provided in Section 9(d) above, there shall be no offset against
amounts or benefits due to you under this Agreement or otherwise on account of
(a) any claim that the Corporation may have against you or (b) any remuneration
or other benefit earned or received by you after such termination, except as
otherwise provided under the applicable terms of any agreement, plan, award,
policy or program with or sponsored by Unisys (or any of its subsidiaries or
affiliates), subject to the terms of this Agreement, including, but not limited
to, Sections 5(d) and 11.

17. Validity. The invalidity or unenforceability of any provision of this

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

18. Arbitration. Any dispute or controversy arising under or in connection

with this Agreement shall be settled exclusively by arbitration in Philadelphia,
Pennsylvania in accordance with the rules of the American Arbitration
Association. Any arbitration award will be final and conclusive upon the
parties, and a judgment enforcing such

award may be entered in any court of competent jurisdiction. Costs of arbitration shall be borne by Unisys. Unless the arbitrator determines that you did not have a reasonable basis for asserting your position with respect to the dispute in question, Unisys shall also reimburse you for your reasonable attorneys' fees incurred with respect to any arbitration.

19. Corporate Authority. Unisys represents and warrants that it is fully

authorized and empowered to enter into this Agreement. This Agreement and any necessary determination under or modification of, any plan, program or arrangement of the Corporation required by this Agreement, have been authorized by the Board and approved by the Committee.

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

Very truly yours,

UNISYS CORPORATION

The foregoing is accepted:

By: /s/ Kenneth A. Macke

Kenneth A. Macke; Chairman
Compensation and Organization
Committee
Board of Directors

/s/ Lawrence A. Weinbach

Lawrence A. Weinbach

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

	Three	Years Ended December 31				
	Months Ended Mar. 31,	2001	2000	1999	1998	1997
Fixed charges						
Interest expense	\$ 17.5	\$ 70.0	\$ 79.8	\$127.8	\$171.7	\$233.2
Interest capitalized during the period	3.2	11.8	11.4	3.6	-	-
Amortization of debt issuance expenses	.7	2.7	3.2	4.1	4.6	6.7
Portion of rental expense representative of interest	13.5	53.9	42.2	46.3	49.1	51.8
Total Fixed Charges	34.9	138.4	136.6	181.8	225.4	291.7
Earnings						
Income (loss) from continuing operations before income taxes	32.7	(46.5)	379.0	770.3	594.2	(748.1)
Add (deduct) the following:						
Share of loss (income) of associated companies	(.2)	(8.6)	(20.5)	8.9	(.3)	5.9
Amortization of capitalized interest	1.8	5.4	2.2	-	-	-
Subtotal	34.3	(49.7)	360.7	779.2	593.9	(742.2)
Fixed charges per above	34.9	138.4	136.6	181.8	225.4	291.7
Less interest capitalized during the period	(3.2)	(11.8)	(11.4)	(3.6)	-	-
Total earnings (loss)	\$ 66.0	\$76.9	\$485.9	\$957.4	\$819.3	\$(450.5)
Ratio of earnings to fixed charges	1.89	*	3.56	5.27	3.63	*

* Earnings for the years ended December 31, 2001 and 1997 were inadequate to cover fixed charges by approximately \$61.5 million and \$742.2 million, respectively.