
**UNITED STATES
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, 2016

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
(State or other jurisdiction of
incorporation or organization)

38-0387840
(I.R.S. Employer
Identification No.)

801 Lakeview Drive, Suite 100
Blue Bell, Pennsylvania
(Address of principal executive offices)

19422
(Zip Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Number of shares of Common Stock outstanding as of March 31, 2016: 50,057,575.

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS (Unaudited)
(Millions)

	March 31, 2016	December 31, 2015
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 513.8	\$ 365.2
Accounts and notes receivable, net	520.8	581.6
Inventories:		
Parts and finished equipment	18.8	20.9
Work in process and materials	27.7	22.9
Prepaid expenses and other current assets	125.9	120.9
Total	<u>1,207.0</u>	<u>1,111.5*</u>
Properties	891.1	876.6
Less-Accumulated depreciation and amortization	739.0	722.8
Properties, net	152.1	153.8
Outsourcing assets, net	190.1	182.0
Marketable software, net	136.5	138.5
Prepaid postretirement assets	57.4	45.1
Deferred income taxes	133.3	127.4*
Goodwill	179.4	177.4
Other long-term assets	209.3	194.3*
Total	<u>\$ 2,265.1</u>	<u>\$ 2,130.0*</u>
<u>Liabilities and deficit</u>		
Current liabilities		
Notes payable	\$ 65.7	\$ 65.8
Current maturities of long-term-debt	11.1	11.0
Accounts payable	216.0	219.3
Deferred revenue	343.5	335.1
Other accrued liabilities	309.2	329.9*
Total	<u>945.5</u>	<u>961.1*</u>
Long-term debt	388.2	233.7*
Long-term postretirement liabilities	2,070.4	2,111.3
Long-term deferred revenue	131.4	123.3
Other long-term liabilities	83.9	79.2*
Commitments and contingencies		
Deficit		
Common stock, shares issued:		
2016; 52.8, 2015; 52.6	.5	.5
Accumulated deficit	(1,885.6)	(1,845.7)
Treasury stock, shares at cost:		
2016; 2.7, 2015; 2.7	(100.4)	(100.1)
Paid-in capital	4,508.2	4,500.9
Accumulated other comprehensive loss	(3,889.3)	(3,945.3)
Total Unisys stockholders' deficit	<u>(1,366.6)</u>	<u>(1,389.7)</u>
Noncontrolling interests	12.3	11.1
Total deficit	<u>(1,354.3)</u>	<u>(1,378.6)</u>
Total	<u>\$ 2,265.1</u>	<u>\$ 2,130.0*</u>

* Certain amounts have been reclassified to conform to the current-year presentation. See note (k).

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Millions, except per share data)

	Three Months Ended March 31	
	2016	2015
Revenue		
Services	\$ 595.1	\$ 639.0
Technology	71.7	82.2
	666.8	721.2
Costs and expenses		
Cost of revenue:		
Services	533.7	564.3
Technology	34.6	39.9
	568.3	604.2
Selling, general and administrative	110.1	128.8
Research and development	16.0	18.2
	694.4	751.2
Operating loss	(27.6)	(30.0)
Interest expense	4.4	2.6
Other income (expense), net	(1.2)	4.9
Loss before income taxes	(33.2)	(27.7)
Provision for income taxes	5.5	13.3
Consolidated net loss	(38.7)	(41.0)
Net income attributable to noncontrolling interests	1.2	2.2
Net loss attributable to Unisys Corporation	\$ (39.9)	\$ (43.2)
Loss per share attributable to Unisys Corporation		
Basic	\$ (.80)	\$ (.87)
Diluted	\$ (.80)	\$ (.87)

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(Millions)

	Three Months Ended March 31	
	2016	2015
Consolidated net loss	\$ (38.7)	\$ (41.0)
Other comprehensive income		
Foreign currency translation	10.5	(44.7)
Postretirement adjustments, net of tax of \$(2.7) in 2016 and \$(14.0) in 2015	45.5	109.8
Total other comprehensive income	56.0	65.1
Comprehensive income	17.3	24.1
Less comprehensive income attributable to noncontrolling interests	(1.2)	(3.3)
Comprehensive income attributable to Unisys Corporation	<u>\$ 16.1</u>	<u>\$ 20.8</u>

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Millions)

	Three Months Ended	
	March 31	
	2016	2015
Cash flows from operating activities		
Consolidated net loss	\$ (38.7)	\$ (41.0)
Add (deduct) items to reconcile consolidated net loss to net cash provided by (used for) operating activities:		
Foreign currency transaction losses	.1	—
Non-cash interest expense	.7	—
Employee stock compensation	3.2	4.4
Depreciation and amortization of properties	9.6	11.7
Depreciation and amortization of outsourcing assets	11.1	12.7
Amortization of marketable software	16.4	16.3
Other non-cash operating activities	.3	(.1)
Disposal of capital assets	.3	1.4
Pension contributions	(31.6)	(38.7)
Pension expense	20.3	27.9
Increase in deferred income taxes, net	(6.9)	(4.4)
Decrease in receivables, net	69.4	106.8
Increase in inventories	(1.9)	(15.1)
Decrease in accounts payable and other accrued liabilities	(35.2)	(106.4)
Increase (decrease) in other liabilities	3.4	(11.1)
Decrease (increase) in other assets	3.7	(7.7)
Net cash provided by (used for) operating activities	<u>24.2</u>	<u>(43.3)</u>
Cash flows from investing activities		
Proceeds from investments	1,365.0	1,153.4
Purchases of investments	(1,367.8)	(1,126.7)
Investment in marketable software	(14.3)	(16.7)
Capital additions of properties	(6.6)	(13.9)
Capital additions of outsourcing assets	(15.1)	(26.7)
Other	(.6)	1.5
Net cash used for investing activities	<u>(39.4)</u>	<u>(29.1)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	190.0	—
Payments for capped call transactions	(24.3)	—
Issuance costs relating to long-term debt	(6.2)	—
Payments of long-term debt	(.7)	(.3)
Proceeds from exercise of stock options	—	3.5
Net cash provided by financing activities	<u>158.8</u>	<u>3.2</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5.0</u>	<u>(23.1)</u>
Increase (decrease) in cash and cash equivalents	148.6	(92.3)
Cash and cash equivalents, beginning of period	365.2	494.3
Cash and cash equivalents, end of period	<u>\$ 513.8</u>	<u>\$ 402.0</u>

See 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, comprehensive income and cash flows for the interim periods specified. These adjustments consist only of normal recurring accruals except as disclosed herein. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year.

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

The company's accounting policies are set forth in detail in note 1 of the notes to the consolidated financial statements in the company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission. Such Annual Report also contains a discussion of the company's critical accounting policies. The company believes that these critical accounting policies affect its more significant estimates and judgments used in the preparation of the company's consolidated financial statements. There have been no changes in the company's critical accounting policies from those disclosed in the company's Annual Report on Form 10-K for the year ended December 31, 2015.

a. Earnings per Common Share. The following table shows how the loss per common share attributable to Unisys Corporation was computed for the three months ended March 31, 2016 and 2015 (dollars in millions, shares in thousands):

	Three Months Ended March 31,	
	2016	2015
Basic Loss Per Common Share		
Net loss attributable to Unisys Corporation	\$ (39.9)	\$ (43.2)
Weighted average shares	50,004	49,821
Total	\$ (.80)	\$ (.87)
Diluted Loss Per Share		
Net loss attributable to Unisys Corporation	\$ (39.9)	\$ (43.2)
Weighted average shares	50,004	49,821
Total	\$ (.80)	\$ (.87)

In the three months ended March 31, 2016 and 2015, the following weighted-average number of stock options and restricted stock units were antidilutive and therefore excluded from the computation of diluted earnings per share (in thousands): 3,685 and 3,350, respectively. In the three months ended March 31, 2016, the following weighted-average number of common shares issuable upon conversion of the 5.50% Convertible Senior Notes due 2021 were antidilutive and therefore excluded from the computation of diluted earnings per share (in thousands): 3,636.

b. Cost Reduction Actions. In 2015, in connection with organizational initiatives to create a more competitive cost structure and rebalance the company's global skill set, the company initiated a plan to incur pretax restructuring charges currently estimated at approximately \$300 million through 2017.

During the twelve months ended December 31, 2015, the company recognized charges of \$118.5 million in connection with this plan, principally related to a reduction in employees. The charges related to work-force reductions were \$78.8 million and were comprised of: (a) a charge of \$27.9 million for 700 employees in the U.S. and (b) a charge of \$50.9 million for 782 employees outside the U.S. In addition, the company recorded charges of \$39.7 million, related to asset impairments (\$20.2 million) and other expenses related to the cost reduction effort (\$19.5 million). The charges were recorded in the following statement of income classifications: cost of revenue – services, \$52.3 million; cost of revenue – technology, \$.3 million; selling, general and administrative expenses, \$53.5 million; and research and development expenses, \$12.4 million.

During the three months ended March 31, 2016, the company recognized charges of \$26.9 million in connection with this plan, principally related to a reduction in employees. The charges related to work-force reductions were \$22.1 million, principally related to severance costs, and were comprised of: (a) a charge of \$4.2 million for 175 employees in the U.S. and (b) a charge of \$17.9 million for 337 employees outside the U.S. In addition, the company recorded charges of \$4.8 million, for other expenses related to the cost reduction effort. The charges were recorded in the following statement of income classifications: cost of revenue – services, \$11.5 million; selling, general and administrative expenses, \$13.3 million; and research and development expenses, \$2.1 million. There were no charges recognized in connection with this plan during the three months ended March 31, 2015.

A breakdown of the individual components of the work-force reduction costs follows (in millions of dollars):

	Total	U.S.	Int'l.
Charges for work-force reductions	\$ 78.8	\$ 27.9	\$ 50.9
Utilized	(45.3)	(23.7)	(21.6)
Translation adjustments	(.5)	—	(.5)
Balance at Dec. 31, 2015	33.0	4.2	28.8
Additional provisions	23.0	4.5	18.5
Utilized	(12.0)	(3.1)	(8.9)
Changes in estimates and revisions	(.9)	(.3)	(.6)
Translation adjustments	1.8	—	1.8
Balance at March 31, 2016	\$ 44.9	\$ 5.3	\$ 39.6
Expected future utilization:			
2016 remaining nine months	\$ 43.2	\$ 5.3	\$ 37.9
Beyond 2016	1.7	—	1.7

c. Pension and Postretirement Benefits. Net periodic pension expense for the three months ended March 31, 2016 and 2015 is presented below (in millions of dollars):

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	\$ 1.8	\$ —	\$ 1.8	\$ 2.2	\$ —	\$ 2.2
Interest cost	80.5	57.6	22.9	79.9	56.1	23.8
Expected return on plan assets	(99.4)	(63.4)	(36.0)	(102.7)	(63.7)	(39.0)
Amortization of prior service (benefit) cost	(1.4)	(.6)	(.8)	(1.1)	(.6)	(.5)
Recognized net actuarial loss	38.8	28.7	10.1	49.6	33.7	15.9
Net periodic pension expense	\$ 20.3	\$ 22.3	\$ (2.0)	\$ 27.9	\$ 25.5	\$ 2.4

In 2016, the company expects to make cash contributions of approximately \$141.8 million to its worldwide defined benefit pension plans, which are comprised of \$85.6 million primarily for non-U.S. defined benefit pension plans and \$56.2 million

for the company's U.S. qualified defined benefit pension plan. In 2015, the company made cash contributions of \$148.3 million to its worldwide defined benefit pension plans. For the three months ended March 31, 2016 and 2015, \$31.6 million and \$38.7 million, respectively, of cash contributions have been made.

Net periodic postretirement benefit expense for the three months ended March 31, 2016 and 2015 is presented below (in millions of dollars):

	Three Months Ended March 31,	
	2016	2015
Service cost	\$.1	\$.1
Interest cost	1.6	1.7
Expected return on assets	(.1)	(.1)
Recognized net actuarial loss	.3	.7
Amortization of prior service cost	—	.3
Net periodic postretirement benefit expense	<u>\$ 1.9</u>	<u>\$ 2.7</u>

The company expects to make cash contributions of approximately \$15 million to its postretirement benefit plan in 2016 compared with \$15.9 million in 2015. For the three months ended March 31, 2016 and 2015, \$2.5 million and \$3.5 million, respectively, of cash contributions have been made.

d. Fair Value Measurements. Due to its foreign operations, the company is exposed to the effects of foreign currency exchange rate fluctuations on the U.S. dollar, principally related to intercompany account balances. The company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign currency exchange rates on such balances. The company enters into foreign exchange forward contracts, generally having maturities of three months or less, which have not been designated as hedging instruments. At March 31, 2016 and 2015, the notional amount of these contracts was \$406.3 million and \$350.9 million, respectively. At March 31, 2016 and 2015, the fair value of such contracts was a net gain of \$1.1 million and \$4.2 million, respectively, of which \$2.0 million and \$4.7 million, respectively, has been recognized in "Prepaid expenses and other current assets" and \$.9 million and \$.5 million, respectively, has been recognized in "Other accrued liabilities" in the company's consolidated balance sheet at both March 31, 2016 and 2015. For the three months ended March 31, 2016 and 2015, changes in the fair value of these instruments were a net gain of \$2.7 million and \$25.6 million, respectively, which has been recognized in earnings in "Other income (expense), net" in the company's consolidated statement of income. The fair value of these forward contracts is based on quoted prices for similar but not identical financial instruments; as such, the inputs are considered Level 2 inputs.

Financial assets with carrying values approximating fair value include cash and cash equivalents and accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and other accrued liabilities. The carrying amounts of these financial assets and liabilities approximate fair value due to their short maturities. At March 31, 2016 and December 31, 2015, the carrying amount of long-term debt was less than the fair value, which is based on market prices (Level 2 inputs), of such debt by approximately \$5 million and \$3 million, respectively.

e. Stock Options. Under stockholder approved stock-based plans, stock options, stock appreciation rights, restricted stock and restricted stock units may be granted to officers, directors and other key employees. At March 31, 2016, 1.2 million shares of unissued common stock of the company were available for granting under these plans.

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

	Three Months Ended March 31,	
	2016	2015
Weighted-average fair value of grant	\$ 4.53	\$ 9.12
Risk-free interest rate	1.29%	1.28%
Expected volatility	51.30%	45.46%
Expected life of options in years	4.90	4.92
Expected dividend yield	—	—

Restricted stock unit awards may contain time-based units, performance-based units or a combination of both. Each performance-based unit will vest into zero

to 2.0 shares depending on the degree to which the performance goals are met. Compensation expense resulting from these awards is recognized as expense ratably for each installment from the date of grant until the date the restrictions lapse and is based on the fair market value at the date of grant and the probability of achievement of the specific performance-related goals.

The company records all share-based expense in selling, general and administrative expense.

During the three months ended March 31, 2016 and 2015, the company recorded \$3.2 million and \$4.4 million of share-based compensation expense, respectively, which is comprised of \$2.6 million and \$1.8 million of restricted stock unit expense and \$.6 million and \$2.6 million of stock option expense, respectively.

A summary of stock option activity for the three months ended March 31, 2016 follows (shares in thousands):

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (\$ in millions)
Outstanding at December 31, 2015	2,723	\$ 27.88		
Granted	11	10.85		
Exercised	—	—		
Forfeited and expired	(516)	38.36		
Outstanding at March 31, 2016	<u>2,218</u>	25.36	3.08	\$ —
Expected to vest at March 31, 2016	684	25.55	4.52	—
Exercisable at March 31, 2016	<u>1,498</u>	25.32	2.37	—

The aggregate intrinsic value represents the total pretax value of the difference between the company's closing stock price on the last trading day of the period and the exercise price of the options, multiplied by the number of in-the-money stock options that would have been received by the option holders had all option holders exercised their options on March 31, 2016. The intrinsic value of the company's stock options changes based on the closing price of the company's stock. The total intrinsic value of options exercised for the three months ended March 31, 2016 and 2015 was zero and \$.6 million, respectively. As of March 31, 2016, \$3.3 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 1.7 years.

A summary of restricted stock unit activity for the three months ended March 31, 2016 follows (shares in thousands):

	Restricted Stock Units	Weighted-Average Grant-Date Fair Value
Outstanding at December 31, 2015	469	\$ 23.57
Granted	1,156	10.06
Vested	(154)	20.17
Forfeited and expired	(3)	24.40
Outstanding at March 31, 2016	<u>1,468</u>	13.32

The fair value of restricted stock units is determined based on the trading price of the company's common shares on the date of grant. The aggregate weighted-average grant-date fair value of restricted stock units granted during the three months ended March 31, 2016 and 2015 was \$11.6 million and \$8.8 million, respectively. As of March 31, 2016, there was \$13.9 million of total unrecognized compensation cost related to outstanding restricted stock units granted under the company's plans. That cost is expected to be recognized over a weighted-average period of 2.6 years. The aggregate weighted-average grant-date fair value of restricted share units vested during the three months ended March 31, 2016 and 2015 was \$3.1 million and \$1.8 million, respectively.

Common stock issued upon exercise of stock options or upon lapse of restrictions on restricted stock units are newly issued shares. Cash received from the exercise of stock options for the three months ended March 31, 2016 and 2015 was zero and \$3.5 million, respectively. The company is currently not recognizing any tax benefits from the exercise of stock options or upon issuance of stock upon lapse of restrictions on restricted stock units in light of its tax position. Tax benefits resulting from tax deductions in excess of the compensation costs recognized are classified as financing cash flows.

f. Segment Information. The company has two business segments: Services and Technology. Revenue classifications within the Services segment are as follows:

- Cloud & infrastructure services. This represents revenue from work the company performs in the data center and cloud area, technology consulting and technology-based systems integration projects, as well as global service desks and global field services.
- Application services. This represents revenue from application managed services and application development, maintenance and support work.
- Business processing outsourcing services. This represents revenue from the management of clients' specific business processes.

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

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended March 31, 2016 and 2015 was \$1.1 million and \$1.5 million, respectively. The profit on these transactions is eliminated in Corporate.

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

A summary of the company's operations by business segment for the three-month periods ended March 31, 2016 and 2015 is presented below (in millions of dollars):

	<u>Total</u>	<u>Corporate</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended March 31, 2016				
Customer revenue	\$666.8		\$595.1	\$ 71.7
Intersegment		\$ (5.6)	—	5.6
Total revenue	<u>\$666.8</u>	<u>\$ (5.6)</u>	<u>\$595.1</u>	<u>\$ 77.3</u>
Operating income (loss)	<u>\$ (27.6)</u>	<u>\$ (45.6)</u>	<u>\$ 4.0</u>	<u>\$ 14.0</u>
Three Months Ended March 31, 2015				
Customer revenue	\$721.2		\$639.0	\$ 82.2
Intersegment		\$ (6.7)	—	6.7
Total revenue	<u>\$721.2</u>	<u>\$ (6.7)</u>	<u>\$639.0</u>	<u>\$ 88.9</u>
Operating income (loss)	<u>\$ (30.0)</u>	<u>\$ (26.1)</u>	<u>\$ (8.5)</u>	<u>\$ 4.6</u>

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

	Three Months Ended March 31	
	2016	2015
Total segment operating profit (loss)	\$ 18.0	\$ (3.9)
Interest expense	(4.4)	(2.6)
Other income (expense), net	(1.2)	4.9
Cost reduction charges	(26.9)	—
Corporate and eliminations	(18.7)	(26.1)
Total loss before income taxes	<u>\$ (33.2)</u>	<u>\$ (27.7)</u>

Customer revenue by classes of similar products or services, by segment, is presented below (in millions of dollars):

	Three Months Ended March 31	
	2016	2015
Services		
Cloud & infrastructure services	\$ 335.8	\$ 378.5
Application services	210.6	202.4
Business processing outsourcing services	48.7	58.1
	<u>595.1</u>	<u>639.0</u>
Technology	71.7	82.2
Total	<u>\$ 666.8</u>	<u>\$ 721.2</u>

Geographic information about the company's revenue, which is principally based on location of the selling organization, is presented below (in millions of dollars):

	Three Months Ended March 31	
	2016	2015
United States	\$ 330.9	\$ 342.0
United Kingdom	82.0	87.9
Other foreign	253.9	291.3
Total	<u>\$ 666.8</u>	<u>\$ 721.2</u>

g. Accumulated Other Comprehensive Income. Accumulated other comprehensive loss as of December 31, 2015 and March 31, 2016 is as follows (in millions of dollars):

	Total	Translation Adjustments	Postretirement Plans
Balance at December 31, 2015	<u>\$(3,945.3)</u>	<u>\$ (833.8)</u>	<u>\$ (3,111.5)</u>
Other comprehensive income before reclassifications	20.2	12.7	7.5
Amounts reclassified from accumulated other comprehensive income	35.8	—	35.8
Current period other comprehensive income	56.0	12.7	43.3
Balance at March 31, 2016	<u>\$(3,889.3)</u>	<u>\$ (821.1)</u>	<u>\$ (3,068.2)</u>

Amounts related to postretirement plans not reclassified in their entirety out of accumulated other comprehensive income for the three months ended March 31, 2016 and 2015 were as follows (in millions of dollars):

	Three Months Ended March 31	
	2016	2015
Amortization of prior service cost*	\$ (1.4)	\$ (.8)
Amortization of actuarial losses*	38.6	48.3
Total before tax	37.2	47.5
Income tax benefit	(1.4)	(2.3)
Net of tax	<u>\$ 35.8</u>	<u>\$ 45.2</u>

* These items are included in net periodic postretirement cost (see note (c)).

Noncontrolling interests as of December 31, 2015 and March 31, 2016 is as follows (in millions of dollars):

	Noncontrolling Interests
Balance at December 31, 2015	\$ 11.1
Net income	1.2
Translation adjustments	(2.2)
Postretirement plans	2.2
Balance at March 31, 2016	<u>\$ 12.3</u>

h. Supplemental Cash Flow Information. Cash paid, net of refunds, during the three months ended March 31, 2016 and 2015 for income taxes was \$10.9 million and \$26.3 million, respectively.

Cash paid during the three months ended March 31, 2016 and 2015 for interest was \$7.1 million and \$6.7 million, respectively.

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

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

In April 2007, the Ministry of Justice of Belgium sued Unisys Belgium SA-NV, a Unisys subsidiary (Unisys Belgium), in the Court of First Instance of Brussels. The Belgian government had engaged the company to design and develop software for a computerized system to be used to manage the Belgian court system. The Belgian State terminated the contract and in its lawsuit has alleged that the termination was justified because Unisys Belgium failed to deliver satisfactory software in a timely manner. It claims damages of approximately 28 million Euros. Unisys Belgium filed its defense and counterclaim in April 2008, in the amount of approximately 18.5 million Euros. The company believes it has valid defenses to the claims and contends that the Belgian State's termination of the contract was unjustified.

The company's Brazilian operations, along with those of many other companies doing business in Brazil, are involved in various litigation matters, including numerous governmental assessments related to indirect and other taxes, as well

as disputes associated with former employees and contract labor. The tax-related matters pertain to value added taxes, customs, duties, sales and other non-income related tax exposures. The labor-related matters include claims related to compensation matters. The company believes that appropriate accruals have been established for such matters based on information currently available. At March 31, 2016, excluding those matters that have been assessed by management as being remote as to the likelihood of ultimately resulting in a loss, the amount related to unreserved tax-related matters, inclusive of any related interest, is estimated to be up to approximately \$108 million.

The company has been involved in a matter arising from the sale of its Health Information Management (HIM) business to Molina Information Systems, LLC (Molina) under a 2010 Asset Purchase Agreement (APA). The HIM business provided system solutions and services to state governments, including the state of Idaho, for administering Medicaid programs. In August 2012, Molina sued the company in Federal District Court in Delaware alleging breaches of contract, negligent misrepresentation and intentional misrepresentation with respect to the APA and the Medicaid contract with Idaho. Molina sought compensatory damages, punitive damages, lost profits, indemnification, and declaratory relief. Molina alleged losses of approximately \$35 million in the complaint. In June 2013, the District Court granted the company's motion to dismiss the complaint and allowed Molina to replead certain claims and file an amended complaint. In August 2013, Molina filed an amended complaint. The company filed a motion to dismiss the amended complaint. On September 2, 2014, the District Court granted the company's motion to dismiss the negligent misrepresentation claim, but denied the company's motion with respect to Molina's intentional misrepresentation and breach of contract claims. The litigation continues on the remaining claims.

On June 26, 2014, the State of Louisiana filed a Petition for Damages against, among other defendants, the company and Molina Information Systems, LLC, in the Parish of East Baton Rouge, 19th Judicial District. The State alleges that between 1989 and 2012 the defendants, each acting successively as the State's Medicaid fiscal intermediary, utilized an incorrect reimbursement formula for the payment of pharmaceutical claims causing the State to pay excessive amounts for prescription drugs. The company believes that it has valid defenses to Louisiana's claims and is asserting them in the pending litigation.

With respect to the specific legal proceedings and claims described above, except as otherwise noted, either (i) the amount or range of possible losses in excess of amounts accrued, if any, is not reasonably estimable or (ii) the company believes that the amount or range of possible losses in excess of amounts accrued that are estimable would not be material.

Litigation is inherently unpredictable and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such matters could exceed the amounts accrued in an amount that could be material to the company's financial condition, results of operations and cash flows in any particular reporting period.

Notwithstanding that the ultimate results of the lawsuits, claims, investigations and proceedings that have been brought or asserted against the company are not currently determinable, the company believes that at March 31, 2016, it has adequate provisions for any such matters.

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

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

A full valuation allowance is currently maintained for all U.S. and certain foreign deferred tax assets in excess of deferred tax liabilities. The company will record a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their net deferred tax assets. Any profit or loss recorded for the company's U.S. continuing operations will have no provision or benefit associated with it due to full valuation allowance,

except with respect to refundable tax credits and withholding taxes not creditable against future taxable income. As a result, the company's provision or benefit for taxes may vary significantly depending on the geographic distribution of income.

k. Accounting Standards. Effective January 1, 2016, the company adopted new guidance issued by the Financial Accounting Standards Board (FASB) on the presentation of debt issuance costs. The new guidance requires that debt issuance costs shall be reported in the balance sheet as a direct deduction from the face amount of that debt. Previously the company reported these costs in "Other long-term assets" in the company's balance sheet. At December 31, 2015, the amount reclassified was \$1.8 million. The new guidance has been applied on a retrospective basis whereby prior-period financial statements have been adjusted to reflect the application of the new guidance, as required by the FASB.

Effective January 1, 2016, the company adopted new guidance issued by the FASB that simplifies the measurement of inventory. The new guidance states that an entity should measure inventory at the lower of cost and net realizable value. Net realizable value is the estimate of estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. When evidence exists that the net realizable value of inventory is lower than its cost, the difference shall be recognized as a loss in the period in which it occurs. That loss may be required, for example, due to damage, physical deterioration, obsolescence, changes in price levels, or other causes. Adoption of this new guidance had no impact on the company's consolidated results of operations and financial position.

Effective January 1, 2016, the company adopted new guidance issued by the FASB that simplifies the balance sheet classification of deferred income taxes. The new guidance requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The new guidance also requires companies to offset all deferred tax assets and liabilities (and valuation allowances) for each tax-paying jurisdiction within each tax-paying component. The net deferred tax must be presented as a single noncurrent amount. Previous guidance required an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. The new guidance has been applied on a retrospective basis whereby prior-period financial statements have been adjusted to reflect the application of the new guidance. At December 31, 2015, the reclassification resulted in a reduction of current deferred income tax assets of \$24.1 million, a decrease in other current assets of \$.1 million, an increase in noncurrent deferred income tax assets of \$12.9 million, a decrease in other long-term assets of \$.1 million, a decrease in current other accrued liabilities of \$9.4 million and a decrease in other long-term liabilities of \$2.0 million.

On March 30, 2016, the FASB issued new guidance that will change certain aspects of accounting for share-based payments to employees. The new guidance will require all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. It also will allow an employer to repurchase more of an employee's shares than it can today for tax withholding purposes without triggering liability accounting and to make a policy election to account for forfeitures as they occur. The guidance is effective for annual reporting periods beginning after December 15, 2016, which for the company is January 1, 2017. Earlier adoption is permitted. The company is currently assessing when it will choose to adopt, and is currently evaluating the impact of the adoption on its consolidated results of operations and financial position.

In February 2016, the FASB issued a new lease accounting standard entitled "Leases." The new standard is intended to improve financial reporting about leasing transactions. The new rule will require organizations that lease assets, referred to as lessees, to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The standard requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The standard is effective for annual reporting periods beginning after December 15, 2018, which for the company is January 1, 2019. Earlier adoption is permitted. The company is currently assessing when it will choose to adopt, and is currently evaluating the impact of the adoption on its consolidated results of operations and financial position.

In 2014, the FASB issued a new revenue recognition standard entitled "Revenue from Contracts with Customers." The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of

revenue and cash flows from a contract with a customer. The standard, and its various amendments, is effective for annual reporting periods beginning after December 15, 2017, which for the company is January 1, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, which for the company is January 1, 2017. The standard allows for either “full retrospective” adoption, meaning the standard is applied to all periods presented, or “modified retrospective” adoption, meaning the standard is applied only to the most current period presented in the financial statements. The company is currently assessing when and which method it will choose for adoption, and is evaluating the impact of the adoption on its consolidated results of operations and financial position.

1. Debt. On March 15, 2016, the company issued \$190 million aggregate principal amount of Convertible Senior Notes due 2021 (the notes). The notes, which are senior unsecured obligations, bear interest at a coupon rate of 5.50% per year until maturity, payable semiannually in arrears on March 1 and September 1 of each year, beginning on September 1, 2016. The notes are not redeemable prior to maturity and are convertible into shares of the company’s common stock. The conversion rate for the notes is 102.4249 shares of the company’s common stock per \$1,000 principal amount of the notes (or a total amount of 19,460,731 shares), which is equivalent to an initial conversion price of approximately \$9.76 per share of the company’s common stock. Upon any conversion, the company will settle its conversion obligation in cash, shares of its common stock, or a combination of cash and shares of its common stock, at its election.

In connection with the issuance of the notes, the company also paid \$24.3 million to enter into privately negotiated capped call transactions with the initial purchasers and/or affiliates of the initial purchasers. The capped call transactions will cover, subject to customary anti-dilution adjustments, the number of shares of the company’s common stock that will initially underlie the notes. The capped call transactions are expected to reduce potential dilution to the company’s common stock and/or offset potential cash payments the company is required to make in excess of the principal amount upon any conversion of the notes.

In accordance with Accounting Standards Codification 470-20, a convertible debt instrument that may be settled entirely or partially in cash is required to be separated into a liability and equity component, such that interest expense reflects the issuer’s non-convertible debt interest rate. Upon issuance, (i) a debt discount of \$30.0 million was recognized as a decrease in debt and an increase in additional-paid in capital and (ii) the cost of the capped call transactions of \$24.3 million was recognized as a decrease in cash and a decrease in additional-paid-in capital. The debt component will accrete up to the principal amount and will be recognized as non-cash interest expense over the expected term of the notes.

On April 13, 2016, the company issued an additional \$23.5 million of the notes pursuant to an over-allotment option exercised by the initial purchasers to buy additional notes. In connection with the issuance of the additional notes, the company also paid \$3.0 million to enter into privately negotiated capped call transactions with the initial purchasers and/or affiliates of the initial purchasers.

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

This discussion and analysis of the company's financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this quarterly report. In this discussion and analysis of the company's financial condition and results of operations, the company has included information that may constitute "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events and include any statement that does not directly relate to any historical or current fact. Words such as "anticipates," "believes," "expects," "intends," "plans," "projects" and similar expressions may identify such forward-looking statements. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company's actual results to differ materially from expectations. Factors that could affect future results include, but are not limited to, those discussed under "Factors that may affect future results" and "Cautionary Statement Pursuant to the U.S. Private Securities Litigation Reform Act of 1995" in Part I, Item 1A of the company's 2015 Form 10-K. Any forward-looking statement speaks only as of the date on which that statement is made. The company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

Overview

In April 2015, in connection with organizational initiatives to create a more competitive cost structure and rebalance the company's global skill set, the company initiated a plan to incur pretax restructuring charges currently estimated at approximately \$300 million through 2017. During 2015, the company recognized pretax charges of \$118.5 million in connection with this plan, principally related to a reduction in employees.

During the first quarter of 2016, the company continued to implement this plan and incurred an additional \$26.9 million of cost reduction charges. The charges related to work-force reductions were \$22.1 million, principally related to severance costs, and were comprised of: (a) a charge of \$4.2 million for 175 employees in the U.S. and (b) a charge of \$17.9 million for 337 employees outside the U.S. In addition, the company recorded charges of \$4.8 million for other expenses related to the cost reduction effort.

The charges during the first quarter of 2016 were recorded in the following statement of income classifications: cost of revenue – services, \$11.5 million; selling, general and administrative expenses, \$13.3 million; and research and development expenses, \$2.1 million.

The company's results of operations in the three months ended March 31, 2016 were impacted by the charges referred to above as well as the negative impact of foreign currency fluctuations. For the three months ended March 31, 2016, the company reported a net loss attributable to Unisys Corporation of \$39.9 million, or a loss of \$.80 per diluted share, compared with a net loss of \$43.2 million, or a loss of \$.87 per diluted share for the three months ended March 31, 2015. The current period includes after tax cost reduction charges (discussed above) of \$24.7 million, or \$.49 per diluted share.

Results of operations

Company results

Revenue for the quarter ended March 31, 2016 was \$666.8 million compared with \$721.2 million for the first quarter of 2015, a decrease of 8% from the prior year. Foreign currency fluctuations had a 5 percentage-point negative impact on revenue in the current period compared with the year-ago period.

Services revenue decreased 7% and Technology revenue decreased 13% in the current quarter compared with the year-ago period. U.S. revenue decreased 3% in the first quarter compared with the year-ago period. International revenue decreased 11% in the current quarter due to declines in Europe and Latin America, which was partially offset by a slight increase in Asia/Pacific. Foreign currency had a 9 percentage-point negative impact on international revenue in the three months ended March 31, 2016 compared with the three months ended March 31, 2015.

Total gross profit margin was 14.8% in the three months ended March 31, 2016 compared with 16.2% in the three months ended March 31, 2015. The decline was due to higher cost reduction charges of \$11.5 million offset by lower pension expense of \$5.4 million.

Selling, general and administrative expense in the three months ended March 31, 2016 was \$110.1 million (16.5% of revenue) compared with \$128.8 million (17.9% of revenue) in the year-ago period. Despite higher cost reduction charges of \$13.3 million offset in part by lower pension expense of \$1.3 million, selling, general and administrative expenses declined in the first quarter of 2016 from the first quarter of 2015 principally reflecting savings due to cost reduction actions.

Research and development (R&D) expenses in the first quarter of 2016 were \$16.0 million compared with \$18.2 million in the first quarter of 2015.

For the first quarter of 2016, the company reported an operating loss of \$27.6 million compared with an operating loss of \$30.0 million in the first quarter of 2015. The current quarter loss principally reflects higher cost reduction charges of \$26.9 million as well as lower pension expense of \$7.6 million.

For the three months ended March 31, 2016, pension expense was \$20.3 million compared with pension expense of \$27.9 million for the three months ended March 31, 2015. For the full year 2016, the company expects to recognize pension expense of approximately \$81.5 million compared with \$108.7 million for the full year of 2015. The company records pension income or expense, as well as other employee-related costs such as payroll taxes and medical insurance costs, in operating income in the following income statement categories: cost of revenue; selling, general and administrative expenses; and research and development expenses. The amount allocated to each category is principally based on where the salaries of active employees are charged.

Interest expense for the three months ended March 31, 2016 was \$4.4 million compared with \$2.6 million for the three months ended March 31, 2015. The increase was principally caused by the issuance of the notes referred to below.

Other income (expense), net was an expense of \$1.2 million in the first quarter of 2016 compared with income of \$4.9 million in 2015. Included in the first quarter of 2016 and 2015 were foreign exchange (losses) gains of \$(.4) million and \$3.4 million, respectively.

The loss before income taxes for the three months ended March 31, 2016 was \$33.2 million compared with a loss of \$27.7 million for the three months ended March 31, 2015. The current quarter loss principally reflects higher cost reduction charges of \$26.9 million as well as lower pension expense of \$7.6 million.

The provision for income taxes was \$5.5 million in the current quarter compared with \$13.3 million in the year-ago period. As discussed in Note (j) of the Notes to Consolidated Financial Statements, the company evaluates quarterly the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The company records a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their net deferred tax assets. Any profit or loss recorded for the company's U.S. operations has no provision or benefit associated with it due to a full valuation allowance. As a result, the company's provision or benefit for taxes may vary significantly quarter to quarter depending on the geographic distribution of income.

Segment results

The company has two business segments: Services and Technology. Revenue classifications within the Services segment are as follows:

- Cloud & infrastructure services. This represents revenue from work the company performs in the data center and cloud area, technology consulting and technology-based systems integration projects, as well as global service desks and global field services.
- Application services. This represents revenue from application managed services and application development, maintenance and support work.
- Business processing outsourcing services. This represents revenue from the management of clients' specific business processes.

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

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended March 31, 2016 and 2015 was \$1 million and \$1.5 million, respectively. The profit on these transactions is eliminated in Corporate.

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

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

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended March 31, 2016				
Customer revenue	\$666.8		\$595.1	\$ 71.7
Intersegment		\$ (5.6)	—	5.6
Total revenue	\$666.8	\$ (5.6)	\$595.1	\$ 77.3
Gross profit percent	14.8%		14.2%	48.6%
Operating profit (loss) percent	(4.1)%		.7%	18.1%
Three Months Ended March 31, 2015				
Customer revenue	\$721.2		\$639.0	\$ 82.2
Intersegment		\$ (6.7)	—	6.7
Total revenue	\$721.2	\$ (6.7)	\$639.0	\$ 88.9
Gross profit percent	16.2%		14.1%	49.6%
Operating profit (loss) percent	(4.2)%		(1.3)%	5.2%

Gross profit percent and operating income (loss) percent are as a percent of total revenue.

Customer revenue by classes of similar products or services, by segment, is presented below (in millions of dollars):

	Three Months Ended March 31		Percent Change
	2016	2015	
Services			
Cloud & infrastructure services	\$335.8	\$378.5	(11.3)%
Application services	210.6	202.4	4.1%
Business processing outsourcing services	48.7	58.1	(16.2)%
	595.1	639.0	(6.9)%
Technology	71.7	82.2	(12.8)%
Total	\$666.8	\$721.2	(7.5)%

In the Services segment, customer revenue was \$595.1 million for the three months ended March 31, 2016, down 6.9% from the three months ended March 31, 2015. Foreign currency translation had a 5 percentage-point negative impact on Services revenue in the current quarter compared with the year-ago period.

Revenue from cloud & infrastructure services was \$335.8 million in the March 2016 quarter down 11.3% compared with the March 2015 quarter. Foreign currency translation had a 5 percentage-point negative impact on cloud & infrastructure services revenue in the current quarter compared with the year-ago period. Also contributing to the decline was lower contract volumes on some accounts in the U.S.

Application services revenue increased 4.1% for the three month period ended March 31, 2016 compared with the three month period ended March 31, 2015. Foreign currency translation had a 6 percentage-point negative impact on application services revenue in the current quarter compared with the year-ago period. The company's U.S. Federal business was a major contributor to the increase year over year.

Business processing outsourcing services revenue decreased 16.2% in the current quarter compared with the prior-year quarter. Foreign currency translation had a 6 percentage-point negative impact on business processing outsourcing services revenue in the current quarter compared with the year-ago period.

Services gross profit was 14.2% in the first quarter of 2016 compared with 14.1% in the year-ago period. Services operating income (loss) percent was .7% in the three months ended March 31, 2016 compared with (1.3)% in the three months ended March 31, 2015.

In the Technology segment, customer revenue decreased 12.8% to \$71.7 million in the current quarter compared with \$82.2 million in the year-ago period, due to lower sales of the company's proprietary enterprise software and servers in the current quarter. Foreign currency translation had a 3 percentage-point negative impact on Technology revenue in the current quarter compared with the year-ago period.

Technology gross profit was 48.6% in the current quarter compared with 49.6% in the year-ago quarter. Technology operating income percent was 18.1% in the three months ended March 31, 2016 compared with 5.2% in the three months ended March 31, 2015. The increase in operating income percent reflects the benefits of the cost reduction actions on selling, general and administrative expenses in the current quarter.

New accounting pronouncements

See note (k) of the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on the company's consolidated financial statements.

Financial condition

The company's principal sources of liquidity are cash on hand, cash from operations and its revolving credit facility, discussed below. The company and certain international subsidiaries have access to uncommitted lines of credit from various banks. The company believes that it will have adequate sources of liquidity to meet its expected near-term cash requirements.

Cash and cash equivalents at March 31, 2016 were \$513.8 million compared with \$365.2 million at December 31, 2015. The increase was due to the proceeds received from the sale of \$190 million of 5.50% Convertible Senior Notes due 2021 (the notes). See Note (l) of the Notes to Consolidated Financial Statements.

As of March 31, 2016, \$278.2 million of cash and cash equivalents were held by the company's foreign subsidiaries and branches operating outside of the U.S. In the future, if these funds are needed for the company's operations in the U.S., it is expected the company would be required to pay taxes on only a limited portion of this balance.

During the three months ended March 31, 2016, cash provided by operations was \$24.2 million compared with cash used for operations of \$43.3 million for the three months ended March 31, 2015. Cash provided by operations during the first quarter of 2016 was negatively impacted by an \$18.0 million increase in cash used for cost reduction actions. Cash provided by operations during the first quarter of 2016 was positively impacted by a decrease in cash contributions to the company's defined benefit pension plans. During the first quarter of 2016, the company contributed cash of \$31.6 million to such plans compared with \$38.7 million during the first quarter of 2015.

Cash used for investing activities for the three months ended March 31, 2016 was \$39.4 million compared with cash usage of \$29.1 million during the three months ended March 31, 2015. Net purchases of investments were \$2.8 million for the three months ended March 31, 2016 compared with net proceeds of \$26.7 million in the prior-year period. Proceeds from investments and purchases of investments represent derivative financial instruments used to reduce the company's currency exposure to market risks from changes in foreign currency exchange rates. In addition, in the current quarter, the investment in marketable software was \$14.3 million compared with \$16.7 million in the year-ago period, capital additions of properties were \$6.6 million in 2016 compared with \$13.9 million in 2015 and capital additions of outsourcing assets were \$15.1 million in 2016 compared with \$26.7 million in 2015. In the prior-year period, capital expenditures were higher than the current-year period largely reflecting increased investments in new outsourcing agreements during that period.

Cash provided by financing activities during the three months ended March 31, 2016 was \$158.8 million compared with cash provided of \$3.2 million during the three months ended March 31, 2015. During the three months ended March 31, 2016, the company issued \$190.0 million of notes and received net proceeds of \$159.5 million. See Note (l) of the Notes to Consolidated Financial Statements.

At March 31, 2016, total debt was \$465.0 million compared with \$310.5 million at December 31, 2015. The increase was principally caused by the issuance of the notes referred to above.

The company has a secured revolving credit facility, expiring in June 2018, which provides for loans and letters of credit up to an aggregate amount of \$150 million (with a limit on letters of credit of \$100 million). Borrowing limits under the credit agreement are based upon the amount of eligible U.S. accounts receivable. At March 31, 2016, the company had \$65.0 million of borrowings (4.25% interest rate at March 31, 2016) and \$11.3 million of letters of credit outstanding under the facility. At March 31, 2016, availability under the facility was \$57.7 million net of letters of credit issued. Borrowings under the facility will bear interest based on short-term rates. The credit agreement contains customary representations and warranties, including that there has been no material adverse change in the company's business, properties, operations or financial condition. The company is required to maintain a minimum fixed charge coverage ratio if the availability under the credit facility falls below the greater of 12.5% of the lenders' commitments under the facility and \$18.75 million. The credit agreement allows the company to pay dividends on its capital stock in an amount up to \$22.5 million per year unless the company is in default and to, among other things, repurchase its equity, prepay other debt, incur other debt or liens, dispose of assets and make acquisitions, loans and investments, provided the company complies with certain requirements and limitations set forth in the agreement. Events of default include non-payment, failure to comply with covenants, materially incorrect representations and warranties, change of control and default under other debt aggregating at least \$50 million. The credit facility is guaranteed by Unisys Holding Corporation, Unisys NPL, Inc., Unisys AP Investment Company I and any future material domestic subsidiaries. The facility is secured by the assets of Unisys Corporation and the subsidiary guarantors, other than certain excluded assets. The company may elect to prepay or terminate the credit facility without penalty.

At March 31, 2016, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions.

In 2016, the company expects to make cash contributions of approximately \$141.8 million to its worldwide defined benefit pension plans, which is comprised of \$85.6 million primarily for non-U.S. defined benefit pension plans and \$56.2 million for the company's U.S. qualified defined benefit pension plan.

The company has on file with the Securities and Exchange Commission an effective registration statement covering \$700 million of debt or equity securities, which enables the company to be prepared for future market opportunities.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in the company's assessment of its sensitivity to market risk since its disclosure in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Item 4. Controls and Procedures

The company's management, with the participation of the company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on this evaluation, the company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of such period, the company's disclosure controls and procedures are effective. Such evaluation did not identify any change in the company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to litigation is set forth in Note (i) of the Notes to Consolidated Financial Statements, and such information is incorporated herein by reference.

Item 1A. Risk Factors

There have been no significant changes to the “Factors that may affect future results” in Management’s Discussion and Analysis of Financial Condition and Results of Operations which is included in the company’s Annual Report on Form 10-K for the year ended December 31, 2015.

CAUTIONARY STATEMENT PURSUANT TO THE U.S. PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Risks and uncertainties that could cause the company’s future results to differ materially from those expressed in “forward-looking” statements include:

- the company’s ability to effectively anticipate and respond to volatility and rapid technological innovation in its industry;
- the company’s ability to improve margins in its services business;
- the company’s ability to sell new products while maintaining its installed base in its technology business;
- the company’s ability to access financing markets to refinance its outstanding debt;
- the company’s ability to realize anticipated cost savings and to successfully implement its cost reduction initiatives to drive efficiencies across all of its operations;
- the company’s significant pension obligations and requirements to make significant cash contributions to its defined benefit pension plans;
- the company’s ability to attract, motivate and retain experienced and knowledgeable personnel in key positions;
- the risks of doing business internationally when a significant portion of the company’s revenue is derived from international operations;
- the potential adverse effects of aggressive competition in the information services and technology marketplace;
- the company’s ability to retain significant clients;
- the company’s contracts may not be as profitable as expected or provide the expected level of revenues;
- cybersecurity breaches could result in significant costs and could harm the company’s business and reputation;
- a significant disruption in the company’s IT systems could adversely affect the company’s business and reputation;
- the company may face damage to its reputation or legal liability if its clients are not satisfied with the company’s services or products;
- the performance and capabilities of third parties with whom the company has commercial relationships;

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- the adverse effects of global economic conditions, acts of war, terrorism or natural disasters;
 - contracts with U.S. governmental agencies may subject the company to audits, criminal penalties, sanctions and other expenses and fines;
 - the potential for intellectual property infringement claims to be asserted against the company or its clients;
 - the possibility that pending litigation could affect the company's results of operations or cash flow; and
 - the business and financial risk in implementing future dispositions or acquisitions.

Other factors discussed in this report, although not listed here, also could materially affect the company's future results.

Item 6. Exhibits

(a) Exhibits

See Exhibit Index

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.

Date: April 29, 2016

UNISYS CORPORATION

By: /s/ Janet Brutschea Haugen
Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Michael M. Thomson
Michael M. Thomson
Vice President and
Corporate Controller
(Principal Accounting Officer)

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
3.1	Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on April 30, 2010)
3.2	Certificate of Amendment to Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on April 28, 2011)
3.3	Bylaws of Unisys Corporation, as amended through April 30, 2015 (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q filed on April 30, 2015)
10.1	Unisys Corporation 2016 Long-Term Incentive and Equity Compensation Plan
10.2	Form of Performance Cash Award Agreement
12	Statement of Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
31.1	Certification of Peter A. Altabef required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of Peter A. Altabef required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
101.INSXBRL	Instance Document
101.SCHXBRL	Taxonomy Extension Schema Document
101.CALXBRL	Taxonomy Extension Calculation Linkbase Document
101.LABXBRL	Taxonomy Extension Labels Linkbase Document
101.PREXBRL	Taxonomy Extension Presentation Linkbase Document
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document

UNISYS CORPORATION
2016 LONG-TERM INCENTIVE AND EQUITY COMPENSATION PLAN

The purpose of the Plan is to provide (i) designated employees of the Company and its subsidiaries and (ii) non-employee members of the Board with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units, other equity-based awards and incentive awards. The Company believes that the Plan will support the Company's ongoing efforts to attract, retain and develop exceptional talent and enable the Company to provide incentives directly linked to the Company's short and long-term objectives and linked to increases in shareholder value.

The Plan is a successor to the Prior Plans. No additional grants will be made under the Prior Plans after the Effective Date. Outstanding grants under the Prior Plans shall continue in effect according to their terms, consistent with the Prior Plans.

Capitalized terms used in the Plan shall have the definitions specified or otherwise referenced in Section 27 below.

SECTION 1. ADMINISTRATION

(a) Committee. The Plan shall be administered and interpreted by a committee consisting of members of the Board, which shall be appointed by the Board (the "Committee"). The Committee shall consist of two or more persons who are "outside directors" as defined under section 162(m) of the Code, and related Treasury regulations, "non-employee directors" as defined under Rule 16b-3 under the Exchange Act, and "independent directors" as determined in accordance with the independence standards established by the stock exchange on which the Common Stock is at the time primarily traded. However, the Board may ratify or approve any grants as it deems appropriate, and the Board shall approve and administer all grants made to non-employee directors. The Committee may delegate authority to one or more subcommittees or one or more officers, as it deems appropriate, provided, however, that any delegation to one or more officers of the Company shall be subject to such guidelines as prescribed by the Committee and shall only apply to Grantees who are not subject to Section 16 of the Exchange Act and who are not "covered employees" within the meaning of section 162(m) of the Code. To the extent the Board, a subcommittee or one or more officers administers the Plan, references in the Plan to the "Committee" shall be deemed to refer to such Board, subcommittee or officer.

(b) Committee Authority. The Committee shall have the sole authority to (i) determine who from among the Eligible Participants will receive Awards under the Plan, (ii) determine the type, size and terms and conditions of the Awards to be made under the Plan, (iii) determine the time when the Awards will be made and the duration of any applicable exercise, vesting or restriction period, including the criteria for exercisability, vesting and the restriction period and the acceleration of exercisability, vesting and lapse of a restriction period, (iv) amend the terms and conditions of any previously issued Award, subject to Section 18 below, (v) determine any restrictions on resale applicable to the shares to be issued or transferred pursuant to the Award, (vi) determine whether any Award shall be subject to any non-competition, non-solicitation, confidentiality, clawback or other

covenants, and (vii) deal with any other matters arising under the Plan. The Committee may accelerate the vesting of any Awards at any time for any reason and may provide for complete or partial exceptions to any service or performance requirement as it deems appropriate.

(c) Committee Determinations. The Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, procedures, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any Awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated Grantees. No person acting under this Section 1 shall be held liable for any action or determination made with respect to the Plan or any Award under the Plan, except for the willful misconduct or gross negligence of such person.

(d) Delegation of Administration. The Committee may delegate certain administrative matters under the Plan to such officer or officers of the Company as determined in the Committee's discretion, and such administrator(s) may have the authority to execute and distribute Award Agreements in accordance with the Committee's determinations, to maintain records relating to the granting, vesting, exercise, forfeiture or expiration of Awards, to process or oversee the issuance of shares or cash upon the exercise, vesting and/or settlement of an Award, and to take such other administrative actions as the Committee may specify. Any delegation by the Committee pursuant to this subsection shall be subject to and limited by applicable law or regulation, including without limitation the rules and regulations of the New York Stock Exchange or such other securities exchange on which the Common Stock is then listed.

SECTION 2. AWARDS

(a) Awards under the Plan may consist of grants of Incentive Stock Options as described in Section 5, Non Qualified Stock Options as described in Section 5 (Incentive Stock Options and Non Qualified Stock Options are collectively referred to as "Options"), SARs as described in Section 6, Stock Awards as described in Section 7, Stock Units (including Dividend Equivalents) as described in Section 8, Other Equity Awards as described in Section 9 and Incentive Awards as described in Section 10 (hereinafter collectively referred to as "Awards").

(b) All Awards shall be subject to such terms and conditions as the Committee deems appropriate and as are specified in writing by the Committee to the Grantee in the Award Agreement.

(c) All Awards shall be made conditional upon the Grantee's acknowledgement, in writing or by acceptance of the Award, that all decisions and determinations of the Committee shall be final and binding on the Grantee, his or her beneficiaries and any other person having or claiming an interest under such Award. Awards under a particular Section of the Plan need not be uniform as among the Grantees.

SECTION 3. SHARES SUBJECT TO THE PLAN

(a) Shares Authorized. Subject to adjustment as described in subsection (d), the total aggregate number of shares of Common Stock that may be issued or transferred under the Plan is the sum of the following: (i) 2,500,000 shares, plus (ii) shares subject to outstanding awards under the Prior Plans immediately prior to the Effective Date, to the extent that such awards terminate, expire, or are cancelled, forfeited, exchanged, or surrendered without having been exercised, vested or paid under the applicable Prior Plan on or after the Effective Date, plus (iii) the aggregate number of shares remaining available for issuance under the Prior Plans immediately prior to the Effective Date that are not subject to outstanding awards under the Prior Plans immediately prior to the Effective Date (the "Plan Limit"); provided that in no event shall the Plan Limit exceed 8,100,000 shares of Common Stock, and provided further that, for purposes of clauses (ii) and (iii), (x) the Plan Limit shall not include shares of Common Stock surrendered in payment of the exercise price of outstanding options under any Prior Plan, shares withheld or surrendered for payment of taxes with respect to outstanding awards of any type under any Prior Plan, and shares repurchased by the Company on the open market with the proceeds of the exercise price of outstanding options under any Prior Plan, and (y) if stock appreciation rights outstanding under any Prior Plan are exercised and settled in Common Stock, the full number of shares subject to such stock appreciation rights shall not be again available for issuance under the Plan, without regard to the number of shares issued upon settlement of the stock appreciation rights.

(b) Source of Shares: Share Counting. Shares issued under the Plan may be authorized but unissued shares of Common Stock or reacquired shares of Common Stock, including shares purchased by the Company on the open market for purposes of the Plan. The issuance of any shares of Common Stock shall result in a reduction of the number of shares of Common Stock available for Awards. If and to the extent Options or SARs granted under the Plan terminate, expire or are canceled, forfeited, exchanged or surrendered without having been exercised, and if and to the extent that any Stock Awards, Stock Units, Other Equity Awards or Incentive Awards are forfeited or terminated, or otherwise are not paid in full, the shares reserved for such Awards shall again be available for purposes of the Plan. To the extent that any Awards are designated in an Award Agreement to be paid in cash, and not in shares of Common Stock, such Awards shall not count against the Plan Limit. Shares of Common Stock surrendered in payment of the exercise price of an Option, shares withheld or surrendered for payment of taxes with respect to any Award, and shares repurchased by the Company on the open market with the proceeds of the exercise price of Options, shall not be available for re-issuance under the Plan. If SARs are exercised and settled in Common Stock, the full number of shares subject to the SARs shall be considered issued under the Plan, without regard to the number of shares issued upon settlement of the SARs. The preceding provisions of this subsection (b) shall apply only for purposes of determining the aggregate number of shares of Common Stock that may be issued under the Plan, but shall not apply for purposes of determining the maximum number of shares of Common Stock with respect to which Awards may be granted to any Grantee under the Plan.

(c) Individual Limits.

(i) The maximum aggregate number of shares of Common Stock with respect to which Awards may be made under the Plan to any individual during any calendar year is 1,000,000 shares, subject to adjustment as described in subsection (d) below.

(ii) The maximum aggregate number of shares of Common Stock with respect to which Stock Awards, Stock Units, Dividend Equivalents, Other Equity Awards or Incentive Awards may be granted under the Plan to any individual during any calendar year as Performance-Based Awards under Section 11 is 1,000,000 shares, subject to adjustment as described in subsection (d).

(iii) A Grantee may not accrue Dividend Equivalents, or receive Incentive Awards, granted as Performance-Based Awards during any calendar year that are payable in cash, for an Award measured with respect to a performance period of one year or less in excess of \$5,000,000.

(iv) A Grantee may not accrue Dividend Equivalents, or receive Incentive Awards, granted as Performance-Based Awards during any calendar year that are payable in cash, for an Award measured with respect to a performance period of more than one year in excess of \$10,000,000.

(v) The foregoing individual limits shall apply without regard to whether such Awards are to be paid in shares of Common Stock or cash.

(d) Adjustments. If there is any change in the number or kind of shares of Common Stock outstanding by reason of (i) a stock dividend, spinoff, recapitalization, stock split or combination or exchange of shares, (ii) a merger, reorganization or consolidation, (iii) a reclassification or change in par value, or (iv) any other extraordinary or unusual event affecting the outstanding Common Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Common Stock is substantially reduced as a result of a spinoff or the Company's payment of an extraordinary dividend or distribution, the maximum number of shares of Common Stock available for issuance under the Plan, the maximum number of shares of Common Stock for which any individual may receive Awards in any year as set forth in subsection (c) above, the kind and number of shares covered by outstanding Awards, the kind and number of shares issued or transferred and to be issued or transferred under the Plan and the price per share or the applicable market value of such Awards shall be equitably adjusted by the Committee, in such manner as the Committee deems appropriate, to reflect any increase or decrease in the number of, or change in the kind or value of, the issued shares of Common Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the Plan and such outstanding Awards, provided, however, that any fractional shares resulting from such adjustment shall be eliminated. In addition, in the event of a Change in Control of the Company, the provisions of Section 15 of the Plan shall apply. Any adjustments to outstanding Awards shall be consistent with section 409A or 424 of the Code, to the extent applicable. Any adjustments determined by the Committee shall be final, binding and conclusive.

SECTION 4. ELIGIBILITY FOR PARTICIPATION

(a) Eligible Participants. All Employees and Non-Employee Directors shall be eligible to participate in the Plan (referred to individually as an "Eligible Participant" and collectively as "Eligible Participants").

(b) Selection of Grantees. The Committee shall select the Eligible Participants to receive Awards, type of Award and the number of shares of Common Stock subject to each Award

in such manner as the Committee determines. Eligible Participants who receive Awards under this Plan shall hereinafter be referred to as “Grantees.”

(c) Continued Service. For purposes of this Plan, unless provided otherwise by the Committee in the Award Agreement, a Grantee’s employment or service will not be deemed to have terminated merely because of a change in the capacity in which the Grantee renders service to the Employer as an employee or non-employee member of the Board or a change in the Employer entity for which the Grantee renders such service, provided that there is no interruption or termination of the Grantee’s continuous employment or service to the Employer.

SECTION 5. OPTIONS

(a) General Requirements. The Committee may grant Options to an Eligible Participant upon such terms as the Committee deems appropriate under this Section 5.

(b) Number of Shares. The Committee shall determine the number of shares of Common Stock that will be subject to each Award of Options to an Eligible Participant.

(c) Type of Option, Price and Term.

(i) The Committee may grant Incentive Stock Options that are intended to qualify as “incentive stock options” within the meaning of section 422 of the Code or Non Qualified Stock Options that are not intended to so qualify or any combination of Incentive Stock Options and Non Qualified Stock Options, all in accordance with the terms and conditions set forth herein. Incentive Stock Options may be granted only to Employees of the Company or its subsidiaries, as defined in section 424 of the Code. Non Qualified Stock Options may be granted to any Eligible Participant.

(ii) The purchase price (the “Exercise Price”) of Common Stock subject to an Option shall be determined by the Committee and shall be equal to or greater than the Fair Market Value of a share of Common Stock on the date the Option is granted; provided, however, that an Incentive Stock Option may not be granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary of the Company, as defined in section 424 of the Code, unless the Exercise Price per share is not less than 110% of the Fair Market Value of a share of Common Stock on the date of grant.

(d) Option Term. The Committee shall determine the term of each Option. The term of any Option shall not exceed ten years from the date of grant. However, an Incentive Stock Option that is granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, or any subsidiary of the Company, as defined in section 424 of the Code, may not have a term that exceeds five years from the date of grant.

(e) Exercisability of Options. Options shall become exercisable in accordance with such terms and conditions, as may be determined by the Committee and specified in the Award Agreement; provided, that Options shall be subject to time-based vesting over a period of not less than one year and/or performance-based vesting over a performance period of not less than one year. The Committee may grant Options that are subject to achievement of performance goals or other conditions.

(f) Effect of Termination of Service. Except as provided in the Award Agreement, an Option may only be exercised while the Grantee is employed by, or providing service to, the Employer.

(g) Exercise of Options. A Grantee may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company. The Grantee shall pay the Exercise Price for an Option as specified by the Committee (i) by certified or bank check or such other instrument as the Committee may permit, (ii) with the approval of the Committee, by delivering shares of Common Stock owned by the Grantee (including Common Stock acquired in connection with the exercise of an Option, subject to such restrictions as the Committee deems appropriate) and having a Fair Market Value on the date of exercise equal to the Exercise Price or by attestation (on a form prescribed by the Committee) to ownership of shares of Common Stock having a Fair Market Value on the date of exercise equal to the Exercise Price, (iii) payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) with approval of the Committee, by surrender of all or any part of the vested shares of Common Stock for which the Option is exercisable to the Company for an appreciation distribution payable in shares of Common Stock with a Fair Market Value at the time of the Option surrender equal to the dollar amount by which the then Fair Market Value of the shares of Common Stock subject to the surrendered portion exceeds the aggregate Exercise Price payable for those shares, (v) by such other method as the Committee may approve, to the extent permitted by applicable law, or (vi) by any combination of the foregoing. Shares of Common Stock used to exercise an Option shall have been held by the Grantee for the requisite period of time to avoid adverse accounting consequences to the Company with respect to the Option. The Grantee shall pay the Exercise Price and the amount of any withholding tax due (pursuant to Section 13) at such time as may be specified by the Committee. No person shall have any rights as a stockholder with respect to any shares of Common Stock covered by an Option unless and until such person shall have become the holder of record of such share, and, except as otherwise permitted in Section 3(d) hereof, no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property or distributions or other rights) in respect of such share for which the record date is prior to the date on which such person shall have become the holder of record thereof.

(h) Limits on Incentive Stock Options. Each Incentive Stock Option shall provide that, if the aggregate Fair Market Value of the Common Stock on the date of the grant with respect to which Incentive Stock Options are exercisable for the first time by a Grantee during any calendar year, under the Plan or any other stock option plan of the Company or a subsidiary, as defined in section 424 of the Code, exceeds \$100,000, then the Option, as to the excess, shall be treated as a Non Qualified Stock Option. An Incentive Stock Option shall not be granted to any person who is not an Employee of the Company or a subsidiary (within the meaning of section 424 of the Code). The aggregate number of shares of Common Stock that may be issued under the Plan as Incentive Stock Options is 2,500,000 shares, subject to adjustment as described in Section 3(d), and all shares issued under the Plan as Incentive Stock Options shall count against the Plan Limit.

SECTION 6. STOCK APPRECIATION RIGHTS

(a) General Requirements. The Committee may grant SARs to an Eligible Participant. The Committee shall establish the number of shares and the terms of the SAR at the time the SAR is granted.

(b) Base Amount. The Committee shall establish the base amount of the SAR at the time the SAR is granted. The base amount of each SAR shall be equal to, or greater than, the Fair Market Value of a share of Common Stock as of the date of grant of the SAR.

(c) Exercisability; Term.

(i) A SAR shall be exercisable during the period specified by the Committee in the Award Agreement and shall be subject to such vesting and other restrictions as may be specified in the Award Agreement, consistent with the Plan, provided, however, that SARs shall be subject to time-based vesting over a period of not less than one year and/or performance-based over a performance period of not less than one year. The Committee may grant SARs that are subject to achievement of performance goals or other conditions. No SAR shall be exercisable later than ten years after the date of grant.

(ii) SARs may only be exercised while the Grantee is employed by, or providing service to, the Employer or during the applicable period after termination of employment or service as set forth in the Award Agreement.

(d) Exercise of SARs. When a Grantee exercises SARs, the Grantee shall receive in settlement of such SARs an amount equal to the value of the stock appreciation for the number of SARs exercised. The stock appreciation for a SAR is the amount by which the Fair Market Value of the underlying Common Stock on the date of exercise of the SAR exceeds the base amount of the SAR as specified in the Award Agreement.

(e) Form of Payment. The Committee shall determine whether the appreciation in a SAR shall be paid in the form of cash, shares of Common Stock or a combination of the two, in such proportion as the Committee deems appropriate. For purposes of calculating the number of shares of Common Stock to be received, shares of Common Stock shall be valued at their Fair Market Value on the date of exercise of the SAR. If shares of Common Stock are to be received upon exercise of a SAR, cash shall be delivered in lieu of any fractional share.

SECTION 7. STOCK AWARDS

(a) General Requirements. The Committee may issue or transfer shares of Common Stock to an Eligible Participant under a Stock Award, upon such terms and conditions as the Committee deems appropriate under this Section 7. Shares of Common Stock issued or transferred pursuant to Stock Awards may be issued or transferred for cash consideration or for no cash consideration and be subject to restrictions or to no restrictions, as determined by the Committee. Each Stock Award shall be subject to such terms and conditions as shall be determined by the Committee and as set forth in the Award Agreement, including, without limitation, restrictions based upon the sale or other disposition of such shares, vesting conditions that lapse based on the passage of time, achievement of certain performance conditions or as otherwise determined by the Committee and the right of the Company to reacquire such shares for no consideration upon termination of the Grantee's employment within specified periods. The period of time during which the Stock Awards will remain subject to restrictions will be designated in the Award Agreement as the "Restriction Period."

(b) Number of Shares. The Committee shall determine the number of shares of Common Stock to be issued or transferred pursuant to a Stock Award and the restrictions applicable to such shares.

(c) Requirement of Employment or Service. Unless provided otherwise in the Award Agreement, if the Grantee ceases to be employed by, or provide service to, the Employer during a period designated in the Award Agreement as the Restriction Period, or if other specified conditions are not met, the Stock Award shall terminate as to all shares covered by the Award as to which the restrictions have not lapsed, and those shares of Common Stock must be immediately returned to the Company. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(d) Restrictions on Transfer and Legend on Stock Certificate. During the Restriction Period, a Grantee may not sell, assign, transfer, pledge or otherwise dispose of the shares of a Stock Award except to a successor under Section 14. To the extent that the Company determines to issue certificates, each certificate for a share of a Stock Award shall contain a legend giving appropriate notice of the restrictions in the Award. The Grantee shall be entitled to have the legend removed from the stock certificate covering the shares subject to restrictions when all restrictions on such shares have lapsed. The Committee may determine that the Company will not issue certificates for Stock Awards until all restrictions on such shares have lapsed, or that the Company will retain possession of any certificates for Stock Awards until all restrictions on such shares have lapsed.

(e) Right to Vote and to Receive Dividends. The Committee shall determine to what extent, and under what conditions, the Grantee shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares during the Restriction Period. The Committee may determine that dividends on Stock Awards shall be withheld while the Stock Awards are subject to restrictions and that the dividends shall be payable only upon the lapse of the restrictions on the Stock Awards, or on such other terms as the Committee determines. Dividends that are not paid currently shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan. Accumulated dividends may accrue interest, as determined by the Committee, and shall be paid in cash, shares of Common Stock or in such other form as dividends are paid on Common Stock, as determined by the Committee.

(f) Lapse of Restrictions. All restrictions imposed on Stock Awards shall lapse upon the expiration of the applicable Restriction Period and the satisfaction of all conditions imposed by the Committee.

SECTION 8. STOCK UNITS

(a) General Requirements. The Committee may grant Stock Units representing one or more shares of Common Stock to Eligible Participants, upon such terms and conditions as the Committee deems appropriate under this Section 8, consistent with the Plan.

(b) Crediting of Units. Each Stock Unit shall represent the right of the Grantee to receive a share of Common Stock or an amount based on the value of a share of Common Stock, if specified conditions established by the Committee are met. All Stock Units shall be credited to bookkeeping accounts established on the Company's records for purposes of the Plan.

(c) Terms of Stock Units. The Committee may grant Stock Units that are payable if specified performance goals or other conditions are met or under other circumstances. Stock Units may be paid at the end of a specified vesting or performance period or other

period, or payment may be deferred to a date authorized by the Committee. The Committee shall determine the number of Stock Units to be granted and the requirements applicable to such Stock Units. A Stock Unit granted by the Committee shall provide for payment in shares of Common Stock, cash or a combination thereof and shall be made in accordance with the terms and conditions prescribed or authorized by the Committee. The Committee shall specify in writing the maximum number of shares that can be issued under the Stock Units.

(d) Requirement of Employment or Service. Unless provided otherwise in the Award Agreement, if the Grantee ceases to be employed by, or provide service to, the Employer during a specified period, or if other conditions established by the Committee are not met, the Grantee's Stock Units shall be forfeited. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(e) Payment With Respect to Stock Units. Payments with respect to Stock Units shall be made in cash, in Common Stock or in a combination of the two, as determined by the Committee.

(f) Dividend Equivalents. The Committee may grant Dividend Equivalents in connection with Stock Units, under such terms and conditions as the Committee deems appropriate. Dividend Equivalents may be paid to Grantees currently or may be deferred. All Dividend Equivalents that are not paid currently shall be credited to bookkeeping accounts on the Company's records for purposes of the Plan. Dividend Equivalents may be accrued as a cash obligation, or may be converted to additional Stock Units for the Grantee, and deferred Dividend Equivalents may accrue interest, all as determined by the Committee. The Committee may provide that Dividend Equivalents shall be payable based on the achievement of specific performance goals. Dividend Equivalents may be payable in cash or shares of Common Stock or in a combination of the two, as determined by the Committee. Any Dividend Equivalents underlying Stock Units which are payable based on the achievement of specific performance conditions shall vest and become payable at the same time as the underlying Stock Units.

SECTION 9. OTHER EQUITY AWARDS

The Committee may grant Other Equity Awards, which are awards (other than those described in Section 5, Section 6, Section 7, Section 8 or Section 10 of the Plan) that are based on, measured by or payable in Common Stock to any Eligible Participant, on such terms and conditions as the Committee shall determine. Other Equity Awards may be granted subject to the achievement of performance goals or other conditions.

Other Equity Awards may be denominated in cash, shares of Common Stock or other securities, in stock-equivalent units, in stock appreciation units, in securities or debentures convertible into Common Stock, or in any combination of the foregoing, and may be paid in cash, Common Stock or other securities, or in a combination of cash, Common Stock and other securities, all as determined by the Committee in the Award Agreement.

SECTION 10. INCENTIVE AWARDS

The Committee may grant Incentive Awards to Eligible Participants. Incentive Awards are performance-based Awards that are expressed in U.S. currency, but may be payable in

the form of cash, Common Stock, or a combination of both. The Committee shall determine the terms and conditions applicable to Incentive Awards, including the criteria for the vesting and payment of Incentive Awards. Incentive Awards shall be based on such measures as the Committee deems appropriate and need not relate to the value of shares of Common Stock. Incentive Awards may be either annual Incentive Awards with a performance cycle of one year or less or long-term Incentive Awards with a performance cycle of more than one year. The target amount of the Incentive Award, the performance goals, the applicable performance cycle, the form of payment, and other terms and conditions applicable to an Incentive Award will be determined in the sole discretion of the Committee and will be set forth in an Award Agreement.

Payment with respect to an Incentive Award will be at the time or times set forth in the Award Agreement.

SECTION 11. QUALIFIED PERFORMANCE-BASED COMPENSATION

(a) Designation as Qualified Performance-Based Compensation. The Committee may determine that Stock Awards, Stock Units, Dividend Equivalents, Other Equity Awards or Incentive Awards granted to an Employee shall be considered “qualified performance-based compensation” under section 162(m) of the Code (“Performance-Based Awards”). The provisions of this Section 11 shall apply to any such Performance-Based Awards.

(b) Performance Goals. When Awards are made under this Section 11, the Committee shall establish in writing (i) the objective performance goals that must be met, (ii) the performance period during which the performance goals will be measured, (iii) the maximum amounts that may be paid if the performance goals are met, and (iv) any other conditions that the Committee deems appropriate and consistent with the Plan and section 162(m) of the Code, including the employment requirements and payment terms. The performance goals may be used on an absolute or relative basis and may relate to the Employee’s business unit, region, sector or industry group, a specific product or service line, or the performance of the Company or a subsidiary or the Company and its subsidiaries as a whole, or any combination of the foregoing. The Committee shall use objectively determinable performance goals based on one or more of the following criteria: basic or diluted earnings per share; total shareholder return; operating income; net income; cash flow (including but not limited to, operating cash flow, free cash flow, and cash flow return on capital); return on equity, capital, assets, or sales; revenue or revenue growth; earnings before interest, taxes, depreciation and amortization (“EBITDA”) or EBITDA growth; stock price; debt-to-capital ratio; stockholders’ equity per share; operating income as a percent of revenue; gross profit as a percent of revenue; selling, general and administrative expenses as a percent of revenue; pre-tax profit; orders; improvements in capital structure; budget and expense management; productivity ratios; economic value added or other value added measurements; operating efficiency; working capital targets; enterprise value; customer value; customer satisfaction; completion of acquisition or business expansion. The performance goals need not be uniform as among Grantees. The performance goals shall satisfy the requirements for “qualified performance-based compensation,” including the requirement that the achievement of the goals be substantially uncertain at the time they are established and that the performance goals be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the performance goals have been met.

(c) Establishment of Goals. Performance goals must be pre-established by the Committee. A performance goal is considered pre-established if it is established in writing not later than 90 days after the commencement of the period of service to which the performance goal relates, provided that the outcome is substantially uncertain at the time the Committee actually established the goal. However, in no event will a performance goal be considered pre-established if it is established after 25% of the period of service (as scheduled in good faith at the time the goal is established) has elapsed. The Committee shall not have discretion to increase the amount of compensation that is payable upon achievement of the designated performance goals, but may reduce the amount of compensation that is payable, pursuant to Performance-Based Awards.

(d) Maximum Payment. The maximum number of shares of Common Stock that may be subject to Awards that are intended as Performance-Based Awards made to an individual during a calendar year shall not exceed the individual limit set forth in Section 3 of the Plan. The maximum amount of cash that may be subject to Awards that are intended as Performance-Based Awards made to an individual for a performance period shall not exceed the individual limit set forth in Section 3 of the Plan

(e) Certification of Results. The Committee shall certify the performance results for the performance period specified in the Award Agreement after the performance period ends. The Committee shall determine the amount, if any, to be paid pursuant to each Award based on the achievement of the performance goals and the satisfaction of all other terms of the Award Agreement.

(f) Death, Disability or Other Circumstances. To the extent consistent with section 162(m) of the Code, the Committee may provide that Performance-Based Awards shall be payable or restrictions on such Performance-Based Awards shall lapse, in whole or in part, in the event of the Grantee's death or disability during the performance period, or under other circumstances consistent with the Treasury regulations and rulings under section 162(m) of the Code.

(g) Adjustments. To the extent applicable, subject to the following sentence and unless the Committee determines otherwise, the determination of the achievement of performance goals shall be based on the relevant financial measure, computed in accordance with U.S. generally accepted accounting principles ("GAAP"), and in a manner consistent with the methods used in the Company's audited financial statements. In setting the performance goals for "qualified performance-based compensation" within the period prescribed in subsection (c), the Committee may provide for such adjustments as it deems appropriate, to the extent consistent with the requirements of section 162(m) of the Code, including (i) to exclude one or more specified components of the calculation thereof or (ii) to include one or more other specified items, including, but not limited to, exclusions under subsection (i) or inclusions under subsection (ii) designed to reflect changes during the performance period in generally accepted accounting principles or in tax rates, currency fluctuations, the effects of acquisitions or dispositions of a business or investments in whole or in part, debt reduction charges, extraordinary or nonrecurring items, the gain or loss from claims or litigation and related insurance recoveries, the effects of impairment of tangible or intangible assets, or the effects of restructuring or reductions in force or other business recharacterization activities, income or expense related to defined benefit or defined contribution pension plans, uninsured losses from natural catastrophes or political and legal developments affecting the

Company's business (including losses as a result of war, terrorism, confiscation, expropriation, seizure, new regulatory requirements, business interruption or similar events).

(h) Status of Performance Awards under Code Section 162(m). It is the intent of the Company that Awards under this Section 11 constitute "performance-based compensation" within the meaning of section 162(m) of the Code and regulations thereunder. Accordingly, the terms of this Section 11 shall be interpreted in a manner consistent with section 162(m) of the Code and the regulations thereunder. If any provision of the Plan as in effect on the date of adoption of any agreements relating to Awards under this Section 11 does not comply or is inconsistent with the requirements of section 162(m) of the Code or the regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

SECTION 12. DEFERRALS

The Committee may permit or require a Grantee to defer receipt of the payment of cash or the delivery of shares that would otherwise be due to such Grantee in connection with any Award, or may permit a Grantee to defer compensation payable to the Grantee in the form of an Award under the Plan. If any such deferral election is permitted or required, the Committee shall establish rules and procedures for such deferrals, subject in all respects to the applicable provisions of section 409A of the Code.

SECTION 13. WITHHOLDING OF TAXES

(a) Required Withholding. All Awards under the Plan shall be subject to applicable federal (including FICA), foreign, state and local tax withholding requirements. The Employer may require that the Grantee or other person receiving or exercising Awards pay to the Employer the amount of any federal, foreign, state or local taxes that the Employer is required to withhold with respect to such Awards, or the Employer may deduct from other wages paid by the Employer the amount of any withholding taxes due with respect to such Awards. The Company may require the payment of any taxes before issuing any shares of Common Stock pursuant to the Award.

(b) Election to Withhold Shares. If the Committee so permits, a Grantee may elect to satisfy the Employer's tax withholding obligation with respect to Awards paid in Common Stock by having shares withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), foreign, state and local tax liabilities. The election must be in a form and manner prescribed by the Committee and may be subject to the prior approval of the Committee.

SECTION 14. TRANSFERABILITY OF AWARDS

(a) Nontransferability of Awards. Except as provided in subsection (b) below, only the Grantee may exercise rights under an Award during the Grantee's lifetime. A Grantee may not transfer those rights except (i) by will or by the laws of descent and distribution or (ii) with respect to Awards other than Incentive Stock Options, if permitted in any specific case by the Committee, pursuant to a domestic relations order or otherwise as permitted by the Committee. When a Grantee dies, the personal representative or other person entitled to succeed to the rights of the Grantee may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Award under the Grantee's will or under the applicable laws of descent and distribution.

(b) Transfer of Non Qualified Stock Options. Notwithstanding the foregoing, the Committee may provide, in an Award Agreement, that a Grantee may transfer Non Qualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws, according to such terms as the Committee may determine; provided that the Grantee receives no consideration for the transfer of a Non Qualified Option and the transferred Non Qualified Option shall continue to be subject to the same terms and conditions as were applicable to the Non Qualified Option immediately before the transfer.

SECTION 15. CONSEQUENCES OF A CHANGE IN CONTROL

(a) Assumption of Outstanding Awards. Upon a Change in Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Options and SARs that are not exercised or paid at the time of the Change in Control shall be assumed by, or replaced with comparable options or rights by, the surviving corporation (or a parent or subsidiary of the surviving corporation), and other outstanding Awards shall be converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation). Notwithstanding the immediately preceding sentence, if, in connection with such Change in Control, any outstanding Options and SARs are not assumed by, or replaced with comparable options or rights by, the surviving corporation (or a parent or subsidiary of the surviving corporation), and any other outstanding Awards are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then upon such Change in Control (i) all such outstanding Options and SARs that are not assumed or replaced shall accelerate and become fully exercisable, (ii) the restrictions and conditions on all such outstanding Stock Awards that are not converted to similar grants shall fully lapse and (iii) all such outstanding Stock Units, Dividend Equivalents, Other Equity Awards and Incentive Awards that are not converted to similar grants shall be fully vested. After a Change in Control, references to the "Employer" as they relate to employment matters shall include the successor employer.

(b) Vesting upon Certain Terminations of Employment. Unless the Award Agreement provides otherwise, if a Grantee's Award is assumed as provided in Section 15(a) and if, within the two year period following the occurrence of such Change in Control, the Grantee's employment is terminated by the Company without Cause, or the Grantee resigns for Good Reason, then as of the date of such Grantee's termination of employment or service all of such Grantee's then outstanding (i) Options and SARs shall automatically accelerate and become fully exercisable, (ii) Stock Awards shall have all restrictions and conditions immediately lapse and (iii) Stock Units, Dividend Equivalents, Other Equity Awards and Incentive Awards shall be fully vested; provided that if the vesting of any such Awards is based, in whole or in part, on performance, the applicable Award shall become vested at the target level of performance.

(c) Other Alternatives. Notwithstanding the foregoing, in the event of a Change in Control, the Committee may take any of the following actions with respect to any or all outstanding Awards, without the consent of any Grantee: (i) the Committee may determine that outstanding Options and SARs shall accelerate and become fully exercisable, in whole or part; (ii) the Committee may determine that the restrictions and conditions on outstanding Stock Awards shall lapse, in whole or part; (iii) the Committee may determine that

outstanding Stock Units, Dividend Equivalents, Other Equity Awards and Incentive Awards shall be fully vested, in whole or part; (iv) the Committee may require that Grantees surrender their outstanding Options and SARs in exchange for a payment by the Company, in cash or Common Stock as determined by the Committee, in an amount equal to the amount, if any, by which the then Fair Market Value of the shares of Common Stock subject to the Grantee's unexercised Options and SARs exceeds the Exercise Price of the Options or the base amount of the SARs, as applicable; (v) after giving Grantees an opportunity to exercise their outstanding Options and SARs, terminate any or all unexercised Options and SARs at such time as the Committee deems appropriate; or (vi) determine that Grantees shall receive a payment in settlement of outstanding Stock Awards, Stock Units, Dividend Equivalents, Incentive Awards or Other Equity Awards, if permitted under section 409A of the Code. Such surrender, termination or payment shall take place as of the date of the Change in Control or such other date as the Committee may specify. Without limiting the foregoing, if the per share Fair Market Value of the Common Stock equals or is less than the per share Exercise Price or base amount, as applicable, the Company shall not be required to make any payment to the Grantee upon surrender of the Option or SAR.

SECTION 16. AGREEMENT WITH GRANTEES

Each Award made under the Plan shall be evidenced by an Award Agreement containing such terms and conditions as the Committee shall approve. In the event of a conflict between the provisions of the Plan and the provisions of any Award Agreement, the provisions of the Plan shall control.

SECTION 17. REQUIREMENTS FOR ISSUANCE OF SHARES

No shares of Common Stock shall be issued or transferred in connection with any Award hereunder unless and until all legal requirements applicable to the issuance or transfer of such shares of Common Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Award made to any Grantee hereunder on such Grantee's undertaking in writing to comply with such restrictions on his or her subsequent disposition of such shares of Common Stock as the Committee shall deem necessary or advisable, and if the Company determines to issue certificates representing such shares, such certificates may be legended to reflect any such restrictions. Any certificates representing shares of Common Stock issued or transferred under the Plan will be subject to such stop-transfer orders and other restrictions as may be required by applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon. No Grantee shall have any right as a stockholder with respect to Common Stock covered by an Award until shares have been issued to the Grantee.

SECTION 18. AMENDMENT AND TERMINATION OF THE PLAN

(a) Amendment. The Board may amend or terminate the Plan at any time, provided, however, that the Board shall not amend the Plan without stockholder approval if such approval is required in order to comply with the Code or other applicable laws or to comply with applicable stock exchange requirements.

(b) No Repricing Without Stockholder Approval. Except as provided in Section 3(d), the Committee shall not (i) implement any cancellation/regrant program pursuant to which

outstanding Options or SARs under the Plan are cancelled and new Options or SARs are granted in replacement with a lower exercise price per share, (ii) cancel outstanding Options or SARs under the Plan with exercise or base prices per share in excess of the then current Fair Market Value per share of Common Stock for consideration payable in cash, equity securities of the Company or in the form of any other award under the Plan, except in connection with a Change in Control transaction or (iii) otherwise directly reduce the exercise price in effect for outstanding Options or SARs under the Plan, without in each such instance obtaining stockholder approval.

(c) Termination of Plan. The Plan shall terminate on the day immediately preceding the tenth anniversary of its Effective Date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the stockholders. The termination of the Plan shall not impair Awards outstanding or the power and authority of the Committee with respect to an outstanding Award.

(d) Termination and Amendment of Outstanding Awards. A termination or amendment of the Plan that occurs after an Award is made shall not materially impair the rights of a Grantee unless the Grantee consents or unless the Committee acts under a right that has been reserved in the Plan or the Award Agreement, including under Section 15 and Section 26(a). The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Award. Whether or not the Plan has terminated, an outstanding Award may be terminated or amended under Section 15 and Section 26(a) or may be amended by agreement of the Company and the Grantee consistent with the Plan. Notwithstanding anything in the Plan to the contrary, the Board may amend the Plan in such manner as it deems appropriate in the event of a change in applicable law or regulations.

(e) Stockholder Approval for Performance-Based Awards. If Awards are granted as Performance-Based Awards under Section 11 above, the Plan must be reapproved by the Company's stockholders no later than the first stockholders meeting that occurs in the fifth year following the year in which the stockholders previously approved the provisions of Section 11, if additional Performance-Based Awards are to be made under Section 11 and if required by section 162(m) of the Code or the regulations thereunder.

(f) Governing Document. The Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend the Plan in any manner. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

SECTION 19. FUNDING OF THE PLAN

This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Awards under this Plan. In no event shall interest be paid or accrued on any Award, including unpaid installments of Awards. No Grantee or any other person shall under any circumstances acquire any property interest in any specific assets of the Company. To the extent that any person acquires a right to receive payment from the Company hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

SECTION 20. RIGHTS OF GRANTEES

Nothing in this Plan shall entitle any Employee, Non-Employee Director or other person to any claim or right to be granted an Award under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employ of the Employer or any other employment rights.

SECTION 21. NO FRACTIONAL SHARES

No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

SECTION 22. SEVERABILITY

In case any provision of this Plan or of any Award Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 23. HEADINGS

Section headings are for reference only. In the event of a conflict between a title and the content of a Section, the content of the Section shall control.

SECTION 24. EFFECTIVE DATE OF THE PLAN

The Plan shall be effective as of April 28, 2016 (the "Effective Date"), subject to approval of the Company's stockholders.

SECTION 25. NOTICES

All notices under the Plan shall be in writing, and shall be addressed to the General Counsel and shall be delivered to the Company at:

Unisys Corporation
801 Lakeview Drive, Suite 100
Blue Bell, PA 19422
Attention: General Counsel

Any notices to the Grantee, shall be delivered to the Grantee personally, sent by facsimile transmission or mailed to the Grantee at the address appearing in the records of the Company.

SECTION 26. MISCELLANEOUS

(a) Awards in Connection with Corporate Transactions and Otherwise. Nothing contained in this Plan shall be construed to (i) limit the right of the Committee to make Awards under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Awards to employees thereof who become Employees, or for other proper

corporate purposes, or (ii) limit the right of the Company to grant stock options or make other awards outside of this Plan. Without limiting the foregoing, the Committee may make an Award to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company, the parent or any of their subsidiaries in substitution for a stock option, stock award or other grant made by such corporation. The terms and conditions of the substitute grants may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives. The Committee shall prescribe the provisions of the substitute grants.

(b) Company Policies. All Awards under the Plan shall be subject to any applicable clawback or recoupment policies, share trading policies and any other policies implemented by the Board or the Committee, as in effect from time to time.

(c) Compliance with Law. The Plan, the exercise of Options and SARs and the obligations of the Company to issue or transfer shares of Common Stock under Awards shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that Incentive Stock Options comply with the applicable provisions of section 422 of the Code, that Awards of Performance-Based Awards comply with the applicable provisions of section 162(m) of the Code and that, to the extent applicable, Awards comply with the requirements of section 409A of the Code. To the extent that any provision that is designed to comply with section 16 of the Exchange Act or the legal requirements of section 422, 162(m) or 409A of the Code as set forth in the Plan ceases to be necessary under section 16 of the Exchange Act or required under section 422, 162(m) or 409A of the Code, that Plan provision shall cease to apply. The Committee may revoke any Award if it is contrary to law or modify an Award to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Grantees. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(d) Section 409A. The Plan is intended to comply with the requirements of section 409A of the Code, to the extent applicable. All Awards shall be construed and administered such that the Award either (i) qualifies for an exemption from the requirements of section 409A of the Code or (ii) satisfies the requirements of section 409A of the Code. If an Award is subject to section 409A of the Code, (i) distributions shall only be made in a manner and upon an event permitted under section 409A of the Code, (ii) payments to be made upon a termination of employment shall only be made upon a "separation from service" under section 409A of the Code, (iii) payments to be made upon a Change in Control shall only be made upon a "change of control event" under section 409A of the Code, (iv) unless the Award specifies otherwise, each payment shall be treated as a separate payment for purposes of section 409A of the Code and all installment payments shall be treated as a separate payment, and (v) in no event shall a Grantee, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with section 409A of the Code. Any Award granted under the Plan that is subject to section 409A of the Code and that is to be distributed to a key employee (as defined below) upon separation from service shall be administered so that any distribution with respect to such Award shall be postponed

for six months following the date of the Grantee's separation from service, if required by section 409A of the Code. If a distribution is delayed pursuant to section 409A of the Code, the distribution shall be paid within 30 days after the end of the six-month period. If the Grantee dies during such six-month period, any postponed amounts shall be paid within 60 days of the Grantee's death. The determination of key employees, including the number and identity of persons considered key employees and the identification date, shall be made by the Committee or its delegate each year in accordance with section 416(i) of the Code and the "specified employee" requirements of section 409A of the Code. Notwithstanding anything in this Plan or any Award Agreement to the contrary, each Grantee shall be solely responsible for the tax consequences of Awards under this Plan, and in no event shall the Company have any responsibility or liability if any Award does not meet the applicable requirements of section 409A of the Code. Although the Company intends to administer the Plan to prevent taxation under section 409A of the Code, the Company does not represent or warrant that the Plan or any Award complies with any provision of federal, foreign, state, local or other tax law.

(e) Employees Subject to Taxation Outside the United States. With respect to Grantees who are subject to taxation in countries other than the United States, the Committee may make Awards on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable countries, and the Committee may create such procedures, addenda and subplans and make such modifications as may be necessary or advisable to comply with such laws.

(f) No Fiduciary Relationship. Nothing contained in the Plan, and no action taken pursuant to the provisions of the Plan, shall create or shall be construed to create a trust of any kind, or a fiduciary relationship between the Company, its subsidiaries or affiliates, or their directors or officers or the Committee, on the one hand, and the Grantee, the Company, its subsidiaries or affiliates or any other person or entity, on the other.

(g) Governing Law. The validity, construction, interpretation and effect of the Plan and Award Agreements issued under the Plan shall be governed and construed by and determined in accordance with the laws of the State of Pennsylvania, without giving effect to the conflict of laws provisions thereof.

SECTION 27. DEFINITIONS

When used in this Plan, the following terms will have the respective meanings set forth below.

(a) "Award" shall have the meaning set forth in Section 2(a).

(b) "Award Agreement" means the written instrument that sets forth the terms and conditions of an Award, including all amendments thereto.

(c) "Board" means the Board of Directors of the Company.

(d) "Cause" with respect to any Grantee, unless otherwise specified in the Award Agreement, means the Grantee (i) is intentionally dishonest in any aspect of his or her employment; (ii) is convicted (including pursuant to a plea of guilty or nolo contendere) of any felony, or a misdemeanor that impairs his or her ability to substantially perform his or her job

or is otherwise injurious to the Company; (iii) engages in conduct which is against the best interest of the Company, including conduct that violates the Unisys Code of Ethical Conduct; (iv) violates any law or administrative regulation related to the Company's business; (v) willfully fails to perform his or her duties to a substantial degree; or (vi) uses the Company's confidential or proprietary information improperly. The termination of employment or service of the Grantee shall not be deemed to be for Cause unless and until there shall have been delivered to the Grantee a written notice from the Committee (after reasonable notice is provided to the Grantee and the Grantee is given an opportunity, together with counsel, to be heard before the Committee, which the Grantee must request in accordance with Section 25), finding that, in the good faith opinion of the Committee, the Grantee is guilty of the conduct alleged, and specifying the particulars thereof in detail.

(e) "Change in Control" shall be deemed to have occurred if:

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

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

(iii) Consummation of a reorganization, merger or consolidation or sale or disposition of all or substantially all of the assets of the Company (a "Business Combination"), unless, in each case following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Stock and Outstanding Voting Securities immediately before the Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of the transaction owns the Company or all or substantially all of the assets of the Company either directly or indirectly through one or

more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Stock and Outstanding Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or the corporation resulting from the Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from the Business Combination or the combined voting power of the then outstanding voting securities of the corporation except to the extent that the Person owned 20% or more of the Outstanding Stock or Outstanding Voting Securities before the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from the Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for the Business Combination.

Notwithstanding the foregoing, the Committee may modify the definition of Change in Control for a particular Award as set forth in the Award Agreement, as the Committee deems appropriate, to comply with section 409A of the Code.

(f) “Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(g) “Committee” shall have the meaning set forth in Section 1(a).

(h) “Common Stock” means the common stock of the Company.

(i) “Company” means Unisys Corporation, and any successor corporation, as determined by the Committee.

(j) “Dividend” means a dividend paid on shares of Common Stock.

(k) “Dividend Equivalent” means an amount calculated with respect to a Stock Unit, which is determined by multiplying the number of shares of Common Stock subject to the Stock Unit by the per-share cash Dividend, or the per-share fair market value (as determined by the Committee) of any Dividend in consideration other than cash, paid by the Company on its Common Stock. If interest is credited on accumulated dividend equivalents, the term “Dividend Equivalent” shall include the accrued interest.

(l) “Effective Date” shall have the meaning set forth in Section 24.

(m) “Eligible Participant” shall have the meaning set forth in Section 4(a).

(n) “Employed by, or provide service to, the Employer” means, unless otherwise specified in the Award Agreement, employment or service as an Employee or member of the Board (so that, for purposes of exercising Options and SARs and satisfying conditions with respect to Stock Awards, Stock Units, Incentive Awards, Dividend Equivalents, Performance-Based Awards and Other Equity Awards, a Grantee shall not be considered to have terminated employment or service until the Grantee ceases to be an Employee and member of the Board). Notwithstanding the foregoing, with respect to any Award subject to section 409A of the Code, “employed by, or provide service to, the Employer” shall be interpreted within the meaning of section 409A of the Code and the related Treasury Regulations.

(o) "Employee" means an employee of the Employer (including an officer or director who is also an employee), but excluding any person who is classified by the Employer as a "contractor" or "consultant," no matter how characterized by the Internal Revenue Service, other governmental agency or a court. Any change of characterization of an individual by the Internal Revenue Service or any court or government agency shall have no effect upon the classification of an individual as an Employee for purposes of this Plan, unless the Committee determines otherwise.

(p) "Employer" means the Company and its subsidiaries, as determined by the Committee.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(r) "Exercise Price" shall have the meaning set forth in Section 5(c).

(s) "Fair Market Value" per share of Common Stock means, unless the Committee determines otherwise with respect to a particular Award, the sales price of a share of Common Stock (i) on the New York Stock Exchange as of the official close of the New York Stock Exchange at 4 p.m. U.S. Eastern Standard Time or Eastern Daylight Time, as the case may be, on the relevant date (or if there were no trades on that date the latest preceding date upon which a sale was reported) or (ii) on such other stock exchange, designated by the Committee in its sole discretion, as the official close of such exchange on such date (or if there were no trades on that date the latest preceding date upon which a sale was reported).

(t) "Good Reason" with respect to any Grantee, unless otherwise specified in the Award Agreement, means (i) a material diminution in the Grantee's authority, duties or responsibilities; (ii) any material breach by the Company of the terms of the Plan or an Award Agreement issued under the Plan; (iii) a material change in the Grantee's work location, at a minimum of 50 miles radius from the Grantee's then primary work location; or (iv) a material diminution in the Grantee's compensation, including base salary or annual target bonus, in each case, without the Grantee's consent. Notwithstanding the foregoing, a Grantee shall not have Good Reason unless the Grantee provides notice to the Company in accordance with Section 25 of the condition the Grantee claims gives rise to Good Reason within 90 days of the initial occurrence of such condition, the Company fails to remedy the condition within 30 days after receiving notice from the Grantee, and the Grantee's termination of employment occurs within 30 days after the lapse of the Company's cure period; provided, however, that in the event that a Grantee provides notice to the Company of a condition that the Grantee claims gives rise to Good Reason, the Committee shall make a determination in good faith as to whether the condition constitutes Good Reason, and the determination by the Committee shall be binding upon all parties. This definition of "Good Reason" shall be interpreted and applied in a manner that is consistent with the terms of Treasury Regulation Section 1.409A-1(n)(2) and guidance thereunder.

(u) "Grantee" shall have the meaning set forth in Section 4(b).

(v) "Incentive Award" shall mean an incentive award granted under the Plan as described under Section 10.

(w) "Incentive Stock Option" means an Option that is intended to meet the requirements of an incentive stock option under section 422 of the Code, as described in Section 5.

(x) “Non-Employee Director” means a member of the Board, or a member of the Board of Directors of a subsidiary of the Company, who is not an Employee.

(y) “Non Qualified Stock Option” means an Option that is not intended to be taxed as an incentive stock option under section 422 of the Code, as described in Section 5.

(z) “Option” means an Incentive Stock Option or Non Qualified Stock Option, as described in Section 5.

(aa) “Other Equity Award” means any Award based on, measured by or payable in Common Stock (other than an Option, Stock Unit, Stock Award, SAR or Incentive Award), as described in Section 9.

(bb) “Performance-Based Awards” shall have the meaning set forth in Section 11.

(cc) “Plan” means this Unisys Corporation 2016 Long-Term Incentive and Equity Compensation Plan, as may be amended from time to time.

(dd) “Prior Plans” means the Company’s 2003 Long-Term Incentive and Equity Compensation Plan, 2007 Long-Term Incentive and Equity Compensation Plan and 2010 Long-Term Incentive and Equity Compensation Plan, all as may be amended and restated.

(ee) “Restriction Period” shall have the meaning set forth in Section 7(a).

(ff) “SAR” means a stock appreciation right, as described in Section 6

(gg) “Stock Award” means an award of Common Stock, as described in Section 7.

(hh) “Stock Unit” means an award of a phantom unit representing a share of Common Stock, as described in Section 8.

UNISYS CORPORATION
2010 Long-Term Incentive and Equity Compensation Plan
Performance Cash Award Agreement

In order for the Award provided hereunder to become effective, this Agreement must be accepted electronically by Participant within sixty (60) days of receipt. In the event that this Agreement is not accepted electronically by Participant within this time period, Participant shall be deemed to have rejected the Award.

1. Subject to all provisions hereof and to all of the terms and conditions of the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan (the "Plan"), incorporated by this reference herein, Unisys Corporation, a Delaware corporation (the "Company"), hereby grants to the participant named below ("Participant") a performance cash award (the "Award") in accordance with Section 10 of the Plan. Each Award represents an obligation of the Company to make a cash payment to Participant on (i) the applicable vesting date or (ii) such earlier date as payment may be due under this agreement (together with Appendix A, and any applicable country-specific terms and provisions set forth in the addendum and the attachments to the addendum (collectively, the "Addendum"), the "Agreement"), for each Award that vests on such date, provided that the conditions precedent to such payment have been satisfied and provided that no Termination of Employment has occurred prior to the respective vesting date. The Award is payable in cash in USD into a brokerage account set up for Participant in the United States.

Participant:	FULL NAME
Target Payment:	TARGET VALUE
Date of Grant:	DATE OF GRANT
Vesting Schedule:	The Vesting Schedule is set forth in Appendix A to this Agreement.

Capitalized terms used and not defined herein shall have the respective meanings assigned to such terms in the Plan. The terms of the Award are as follows:

2. Every notice relating to this Agreement shall be in writing and shall be effective when received or with date of posting if by registered mail with return receipt requested, postage prepaid. Notwithstanding Section 18(f) of the Plan, all notices to the Company shall be addressed to Unisys Equity Administration, Unisys Corporation, 801 Lakeview Drive, Suite 100, Blue Bell, Pennsylvania 19422, United States of America. Notices to Participant shall be addressed to his or her last designated address on the Company's records. Either party, by notice to the other, may designate a different address to which notices shall be sent. Any notice by the Company to Participant at his or her last designated address shall be effective to bind Participant and any other person who acquires rights or a claim thereto under this Agreement.

3. Participant's right to any payment under this Award may not be assigned, transferred (other than by will or the laws of descent and distribution), pledged or sold.

4. Except as otherwise provided under the terms of the Plan or this Agreement, all Awards granted under this Agreement that have not vested will be forfeited and all rights of Participant with respect to such Awards will terminate without any payment by the Company upon Termination of Employment by Participant or by the Company or, if Participant is not employed by the Company, Participant's employer (the "Employer") prior to the applicable vesting date for such Awards, as set forth in Appendix A (the "Vesting Date").

For purposes of this Award, Termination of Employment (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or providing services to the Company, the Employer or any other Subsidiary or Affiliate or the terms of Participant's employment or service contract, if any) is deemed to occur effective as of the date that Participant is no longer actively employed or providing services to the Company, the Employer or any other Subsidiary or Affiliate and will not be extended by any notice period (*e.g.*, Participant's period of service with the Company, the Employer or any other Subsidiary or Affiliate would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or providing services to the Company, the Employer or any other Subsidiary or Affiliate or the terms of Participant's employment or service contract, if any). The Company shall have the sole discretion to determine when Participant is no longer actively employed or providing services to the Company, the Employer or any other Subsidiary or Affiliate for purposes of the Award (including whether Participant may still be considered to be providing such services while on a leave of absence).

5. In the event of Participant's Termination of Employment within two years following the date of a Change in Control either (i) involuntarily by the Company or the Employer, as applicable, other than for Cause, or (ii) for Good Reason, any portion of the Award that is unvested and outstanding as of the date of Participant's Termination of Employment will become vested in accordance with the rules under Section 11(a)(4) of the Plan.

Notwithstanding the foregoing, if the Committee determines in its sole discretion that the Awards constitute nonqualified deferred compensation under Section 409A of the Code, then, if Participant is a "specified employee" within the meaning of Section 409A of the Code, Participant's entitlement to vesting with respect to the Award shall be as provided in this paragraph 5, but payment of the Award shall be made on the first day of the seventh month following Participant's Termination of Employment. For purposes of this paragraph 5, if the Committee determines in its sole discretion that the Awards are nonqualified deferred compensation under Section 409A of the Code, Termination of Employment shall be limited to those circumstances that constitute a "separation from service" within the meaning of Section 409A of the Code. This paragraph 5 will not be applicable to the Award if the Change in Control results from Participant's beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of Stock or Voting Securities.

6. Each payment that may become due hereunder shall be made only in cash. Except as otherwise provided in paragraph 5, such payment will be made to Participant as soon as practicable after the relevant Vesting Date but in any event within the period ending two and one-half months following the earlier of the end of the taxable year of the Company or the taxable year of Participant which, in each case, includes the Vesting Date.

7. Any dispute or disagreement arising under or as a result of this Agreement, shall be determined by the Committee (or, as to the provisions contained in paragraph 8 hereof, by the Company), or its designee, in its sole discretion and any such determination and interpretation or other action taken by said Committee (or, as to the provisions contained in paragraph 8 hereof, by the Company), or its designee, pursuant to the provisions of the Plan shall be binding and conclusive for all purposes whatsoever.

8. The greatest assets of Unisys* are its employees, technology and customers. In recognition of the increased risk of unfairly losing any of these assets to its competitors, Unisys has adopted the following policy. By accepting this Award, Participant agrees that:

a. During employment and for twelve months after leaving Unisys, Participant will not: (a) directly or indirectly solicit or attempt to influence any employee of Unisys to terminate his or her employment with Unisys, except as directed by Unisys; (b) directly or indirectly solicit or divert to any competing business any customer or prospective customer to which Participant was assigned at any time during the eighteen months prior to leaving Unisys; or (c) perform services for any Unisys customer or prospective customer, of the type Participant provided while employed by Unisys for any Unisys customer or prospective customer for which Participant worked at any time during the eighteen months prior to leaving Unisys.

b. Participant previously signed the Unisys Employee Proprietary Information, Invention and Non-Competition Agreement in which he or she agreed not to disclose, transfer, retain or copy any confidential or proprietary information during or after the term of Participant's employment, and Participant acknowledges his or her continuing obligations under that agreement. Participant shall be bound by the terms of the Employee Proprietary Information, Invention and Non-Competition Agreement and the restrictions set out in this paragraph 8 of this Agreement vis-à-vis the Company or the Employer, as applicable, and all restrictions and limitations set out in these agreements are in addition to and not in substitution of any other restrictive covenants (similar or otherwise) that Participant might be bound by vis-à-vis the Company or the Employer, as applicable, by virtue of his or her contract of employment or other agreements executed between Participant and the Company or the Employer, as applicable, which restrictive covenants shall remain in full force and continue to apply, notwithstanding any provisions to the contrary in this Agreement and/or the Employee Proprietary Information, Invention and Non-Competition Agreement.

c. Participant agrees that Unisys shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, in the event of a breach of any of the covenants contained in this paragraph 8.

d. Participant agrees that Unisys may assign the right to enforce the non-solicitation and non-competition obligations of Participant described in paragraph 8(a) to its successors and assigns without any further consent from Participant.

e. The provisions contained in this paragraph 8 shall survive after Participant's Termination of Employment and may not be modified or amended except by a writing executed by Participant and the Chairman of the Board of the Company.

9. In accepting the Award, Participant acknowledges, understands and agrees that: (i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Board at any time, to the extent permitted by the Plan; (ii) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future awards, or benefits in lieu of awards even if awards have been granted in the past; (iii) all decisions with respect to future awards, if any, will be at the sole discretion of the Committee or its designee; (iv) the grant of the Award and Participant's participation in the Plan shall not create a right to employment with the Company, the Employer or any other Subsidiary or Affiliate, and shall not interfere with the ability of the Company, the Employer or any other Subsidiary or Affiliate, as applicable, to terminate Participant's employment or service relationship (if any) at any time; (v) Participant's participation in the Plan is voluntary; (vi) the Award and any payment made pursuant to the Award are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any other Subsidiary or Affiliate, and is outside the scope of Participant's employment or service contract, if any; (vii) the Award and any payment made pursuant to the Award are not intended to replace any pension rights or compensation; (viii) the Award and any payment made pursuant to the Award not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension, retirement or welfare benefits or similar payments; (ix) unless otherwise agreed with the Company, the Award and any payment made pursuant to the Award are not granted as consideration for, or in connection with, the service Participant may provide as a director of any Subsidiary or Affiliate; (x) the Award and Participant's participation in the Plan will not be interpreted to form an

* For purposes of this paragraph 8, the term "Unisys" shall include the Company and all of its Subsidiaries and Affiliates.

employment or service contract or relationship with the Company, the Employer or any other Subsidiary or Affiliate; (xi) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from Participant's Termination of Employment (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or providing services to the Company, the Employer or any other Subsidiary or Affiliate or the terms of Participant's employment or service contract, if any), and in consideration of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, the Employer or any other Subsidiary or Affiliate, waives his or her ability, if any, to bring any such claim, and releases the Employer, the Company and any other Subsidiary or Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims; (xii) the Award and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability involving the Company and unless otherwise provided in the Plan or by the Company in its sole discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company or be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; (xiii) if Participant is employed or providing services outside the United States of America, neither the Company, the Employer nor any other Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Award or of any amounts due to Participant pursuant to the Award; and (xv) in the event the Company is required to prepare an accounting restatement, the Award may be subject to forfeiture or recoupment, to the extent required from time to time by applicable law or by a policy adopted by the Company, but provided such forfeiture or recoupment is permitted under applicable law.

10. Participant acknowledges that neither the Company nor the Employer (or any other Subsidiary or Affiliate) is providing any tax, legal or financial advice, nor is the Company or the Employer (or any other Subsidiary or Affiliate) making any recommendations regarding Participant's participation in the Plan. Participant should consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

11. Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or payment of the Award; and (b) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to tax in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their sole discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by means of one or a combination of the following: (1) withholding from the cash payment due to Participant upon vesting of the Award, or (2) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer.

The Company may withhold or account for Tax-Related Items by considering any applicable withholding rates, including maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash. If Participant does not receive a refund of any over-withheld amount, Participant may seek a refund from the local tax authorities.

Finally, within ninety (90) days of any tax liability arising, Participant shall pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to make a payment pursuant to the Award if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

12. Participant hereby explicitly and unambiguously consents and agrees to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Award grant materials by and among, as applicable, the Company, the Employer or any other Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, the Employer or any other Subsidiary or Affiliate, and details of all awards granted, canceled, vested, unvested or outstanding in Participant's favor ("Personal Data"), for the exclusive purpose of implementing, administering and managing the Plan. Participant understands that Personal Data may be transferred to Fidelity Stock Plan Services, LLC or any other third parties assisting (presently or in the future) in the implementation, administration and management of the Plan. Participant understands that these recipients may be located in the United States of America or elsewhere, and that the recipient's country (e.g., the United States of America) may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list with the names and addresses of any potential recipients of Personal Data by contacting Participant's local human resources representative. Participant authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Personal Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant awards or administer or maintain such awards. Therefore, Participant understands that refusal or withdrawal of consent may affect Participant's ability to realize benefits from the Award or otherwise participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

13. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provision shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

14. If Participant has received this Agreement or any other document related to the Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

15. Subject to paragraph 2 above, the Company may, in its sole discretion, decide to deliver or receive any documents related to Participant's current and future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

16. This Agreement is intended to comply with the short-term deferral rule set forth in regulations under Section 409A of the Code to avoid application of Section 409A of the Code to the Award; however, to the extent it is subsequently determined that the Award is deemed to be non-qualified deferred compensation subject to Section 409A of the Code, the Agreement is intended to comply in form and operation with Section 409A of the Code, and any ambiguities herein will be interpreted to so comply. The Committee reserves the right, to the extent the Committee deems necessary or advisable in its sole discretion, to unilaterally amend or modify this Agreement as may be necessary to ensure that the Award is exempt from, or complies with, Section 409A of the Code, provided, however, that the Company makes no representation that this Agreement will be exempt from, or comply with, Section 409A of the Code and shall have no liability to Participant or any other party if a payment under this Agreement that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Company with respect thereto.

17. The Award shall be subject to any special terms and provisions as set forth in the Addendum for Participant's country, if any. Moreover, if Participant relocates to another country during the life of the Award, the special terms and conditions for such country will apply to Participant to the extent the Company determines in its sole discretion that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

18. This Agreement has been made in and shall be construed under and in accordance with the laws of the Commonwealth of Pennsylvania in the United States of America, without regard to the conflict of laws provisions, as provided in the Plan.

For purposes of any dispute, action or other proceeding that arises under or relates to this Award or this Agreement, the parties (including Participant's Beneficiary) hereby submit to and consent to the exclusive jurisdiction of the Commonwealth of Pennsylvania in the United States of America, and agree that such litigation shall be conducted only in the courts of Montgomery County in the Commonwealth of Pennsylvania in the United States of America, or the federal courts of the United States of America for the Eastern District of Pennsylvania, where this Award is made and/or to be performed, and no other courts.

The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Award and/or on any payment made pursuant to the Award, to the extent the Company determines in its sole discretion that it is necessary or advisable (including, but not limited to, legal or administrative reasons), and to require Participant to sign and/or accept electronically, at the sole discretion of the Company, any additional agreements or undertakings that may be necessary to accomplish the foregoing as determined by the Company in its sole discretion.

19. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other participant.

20. Participant acknowledges that, depending on Participant's country, Participant may be subject to certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold a payment received under the Plan in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. Participant acknowledges that it is his or her responsibility to be compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.

21. To the extent applicable, all references to Participant shall include Participant's Beneficiary in the case of Participant's death during or after Participant's Termination of Employment.

UNISYS CORPORATION

Peter A. Altabef
President and Chief Executive Officer

ONLINE ACCEPTANCE ACKNOWLEDGMENT:

I hereby **accept** my Performance Cash Award (“Award”) granted to me in accordance with and subject to the terms of this agreement (together with Appendix A and any applicable country-specific terms and provisions set forth in the addendum and any attachments to the addendum (collectively, the “Addendum”), the “Agreement”) and the terms and restrictions of the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan. I acknowledge that I have read and understand the terms of this Agreement, and that I am familiar with and understand the terms of the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan, and that I agree to be bound thereby and by the actions of the Compensation Committee and of the Board of Directors of Unisys Corporation with respect thereto. I acknowledge that this Agreement and other Award materials were delivered or made available to me electronically and I hereby consent to the delivery of my Award materials, and any future materials relating to my Award, in such form. I also acknowledge that I am accepting my Award electronically and that such acceptance has the same force and effect as if I had signed and returned to Unisys Corporation a hard copy of the Agreement noting that I had accepted the Award. I acknowledge that I have been encouraged to discuss this matter with my financial, legal and tax advisors and that this acceptance is made knowingly.

OR

ONLINE REJECTION ACKNOWLEDGMENT:

I hereby **reject** my Performance Cash Award (“Award”) granted to me in accordance with and subject to the terms of this agreement (together with Appendix A and any applicable country-specific terms and provisions set forth in the addendum and any attachments to the addendum (collectively, the “Addendum”), the “Agreement”) and the terms and restrictions of the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan. I acknowledge that I have read and understand the terms of this Agreement, and that I am familiar with and understand the terms of the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan. I acknowledge that this Agreement and other Award materials were delivered or made available to me electronically and I hereby consent to the delivery of my Award materials, and any future materials relating to my Award, in such form. I also acknowledge that I am rejecting my Award electronically and that such rejection has the same force and effect as if I had signed and returned to Unisys Corporation a hard copy of the Agreement noting that I had rejected the Award. I acknowledge that I have been encouraged to discuss this matter with my financial, legal and tax advisors and that this rejection is made knowingly. I further acknowledge that by rejecting the Award, I will not be entitled to any payment or benefit in lieu of the Award.

UNISYS CORPORATION

**The Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan
Performance Cash Award Agreement**

Performance Cash Awards will vest and be payable in cash only if financial performance goals for [YEAR(S)] established by the Compensation Committee of the Board of Directors of the Company ("Performance Goals") are achieved. Performance Goals¹ consist of [METRIC]. [One third of the target dollar value is based on performance in [YEARS], respectively]*. Threshold, target and maximum performance levels have been set for each goal. The Performance Cash Award will be earned and converted into dollar values at rates ranging from 50% of target (if performance is at threshold level) to 100% of target (if performance is at target level) to 200% of target (if performance is at or above maximum level) and vest as indicated below. If the Company's performance with respect to a metric is below the threshold level, no Performance Cash Award will be earned in respect of that performance measure. See the table below.

The targets listed below are Company Confidential and information regarding actual performance against these targets may be deemed as material non-public information as defined in the Company's Insider Trading Policy.

* INSERT IF PERFORMANCE GOALS ARE MEASURED OVER THREE-YEAR PERIOD

YEAR Performance Cash Award Vesting Schedule

Performance Basis	Proportion of Total Dollar Target	Vesting and Payout Dates²	Performance Level	Vesting Metric:	Conversion Rate Applied to Target Dollar Value³
YEAR	1/3 of the target dollar value	Vest based on YEAR performance on the first anniversary of grant	Threshold		50% of YEAR targeted dollar value
			Target		100% of YEAR targeted dollar value
			Maximum		200% of YEAR targeted dollar value
YEAR	1/3 of the target dollar value	Vest based on YEAR performance on the second anniversary of grant	Threshold		50% of YEAR targeted dollar value
			Target		100% of YEAR targeted dollar value
			Maximum		200% of YEAR targeted dollar value
YEAR	1/3 of the target dollar value	Vest based on YEAR performance on the third anniversary of grant	Threshold		50% of YEAR targeted dollar value
			Target		100% of YEAR targeted dollar value
			Maximum		200% of YEAR targeted dollar value

1 The Performance Goals do not and are not intended to meet the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended.
2 Vesting based on performance on the anniversary of grant or the date the Committee has certified achievement of performance goals, if later.
3 Performance Cash Awards at Performance Goal levels between threshold and target and between target and maximum will be interpolated on a straight-line basis.

UNISYS CORPORATION
2010 Long-Term Incentive and Equity Compensation Plan (the “Plan”)

Addendum to the
Performance Cash Award Agreement

Certain capitalized terms used but not defined in this addendum and the attachments to the addendum (collectively, the “Addendum”) have the meanings set forth in the Plan and/or Participant’s relevant Performance Cash Award Agreement (together with Appendix A and the Addendum, the “Agreement”).

Terms and Conditions

This Addendum includes additional terms and conditions that govern the performance cash award (the “Award”) granted to Participant under the Plan if Participant resides and/or works in one of the countries listed below.

If Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transfers employment and/or residency after the date of grant, or is considered a resident of another country for local law purposes, the Company shall, in its sole discretion, determine to what extent the terms and conditions included herein will apply to Participant.

Notifications

This Addendum also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Addendum as the only source of information relating to the consequences of Participant’s participation in the Plan (*e.g.*, because the information may be out of date at the time that the Award vests and a payment is made pursuant to the Award).

In addition, the information contained herein is general in nature and may not apply to Participant’s particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant’s country may apply to his or her situation before taking any action.

Finally, if Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working, transfers employment and/or residency after the date of grant, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable in the same manner to Participant.

UNITED KINGDOM

Terms and Conditions

Tax Acknowledgment

This section supplements paragraph 11 of the Agreement.

If payment or withholding of income tax due is not made within ninety (90) days after the end of the tax year in which the income tax liability arises, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected income tax shall constitute a loan owed by Participant to the Employer, effective as of the Due Date. Participant agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue & Customs ("HMRC"), it shall be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in this paragraph 11 of the Agreement. Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), he or she shall not be eligible for a loan from the Company to cover the income tax liability. In the event that Participant is a director or executive officer and the income tax is not collected from or paid by him or her by the Due Date, the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and national insurance contributions ("NICs") may be payable. Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as applicable) for the value of any NICs due on this additional benefit, which the Company and/or the Employer may recover from Participant by any of the means set forth in this paragraph 11 of the Agreement.

UNISYS CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND
 PREFERRED STOCK DIVIDENDS (UNAUDITED)
 (\$ in millions)

	Three Months Ended Mar. 31, 2016	Years Ended December 31				
		2015	2014	2013	2012	2011
Fixed charges						
Interest expense	\$ 4.4	\$ 11.9	\$ 9.2	\$ 9.9	\$ 27.5	\$ 63.1
Interest capitalized during the period	.5	3.1	4.0	3.2	5.3	4.9
Amortization of revolving credit facility expenses	.1	1.5	1.6	1.6	1.7	1.9
Portion of rental expense representative of interest	6.3	26.9	27.9	28.4	28.2	32.6
Total Fixed Charges	11.3	43.4	42.7	43.1	62.7	102.5
Preferred stock dividend requirements (a)	—	—	2.7	16.2	16.2	13.5
Total fixed charges and preferred stock dividends	11.3	43.4	45.4	59.3	78.9	116.0
Earnings						
Income (loss) before income taxes	(33.2)	(58.8)	145.5	219.4	254.1	206.0
Add amortization of capitalized interest	.8	3.7	4.5	5.0	7.5	7.4
Subtotal	(32.4)	(55.1)	150.0	224.4	261.6	213.4
Fixed charges per above	11.3	43.4	42.7	43.1	62.7	102.5
Less interest capitalized during the period	(.5)	(3.1)	(4.0)	(3.2)	(5.3)	(4.9)
Total earnings	\$ (21.6)	\$ (14.8)	\$ 188.7	\$ 264.3	\$ 319.0	\$ 311.0
Ratio of earnings to fixed charges	*	*	4.42	6.13	5.09	3.03
Ratio of earnings to fixed charges and preferred stock dividends (b)	N/A	N/A	4.16	4.46	4.04	2.68

(a) Amounts have not been grossed up for income taxes since the preferred stock was issued by the U.S. parent corporation which has a full valuation allowance against its net deferred tax assets.

(b) The ratio of earnings to fixed charges and preferred stock dividends is calculated by dividing total earnings by total fixed charges and preferred stock dividends.

* Earnings for the three months ended March 31, 2016 and for the year ended December 31, 2015 were inadequate to cover fixed charges by \$32.9 million and \$58.2 million, respectively.

CERTIFICATION

I, Peter A. Altabef, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2016

/s/ Peter A. Altabef
Name: Peter A. Altabef
Title: President and
Chief Executive Officer

CERTIFICATION

I, Janet Brutschea Haugen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2016

/s/ Janet Brutschea Haugen

Name: Janet Brutschea Haugen
Title: Senior Vice President and
Chief Financial Officer

CERTIFICATION OF PERIODIC REPORT

I, Peter A. Altabef, President and Chief Executive Officer of Unisys Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2016 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 29, 2016

/s/ Peter A. Altabef

Peter A. Altabef
President and
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF PERIODIC REPORT

I, Janet Brutschea Haugen, Senior Vice President and Chief Financial Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 29, 2016

/s/ Janet Brutschea Haugen

Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

