UNISYS CORP
Form DEF 14A
March 18, 2010

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SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12
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Unisys Corporation

(Name of Registrant as Specified In Its Charter)

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Unisys Corporation
Unisys Way
Blue Bell, PA 19424-0001

March 18, 2010

Dear Fellow Stockholder:

It is my pleasure to invite you to the Unisys 2010 Annual Meeting of Stockholders. This year s meeting will be held on Thursday, April 29, 2010, at the Philadelphia Marriott West, which is located at 111 Crawford Avenue in West Conshohocken, Pennsylvania. The meeting will begin at 9:30 a.m.

Unisys made significant progress in our turnaround program in 2009. Despite lower revenue in a challenging economic environment, our employees stayed focused on executing against our priorities, delivering three consecutive profitable quarters and much improved results. We reported net income of $189 million in 2009 compared with a year-earlier loss and our operating cash flow improved 56 percent to $397 million. We also made progress in strengthening our balance sheet. We are focused on continuing our progress in 2010.

As we did last year, we are making the proxy materials for this year s annual meeting available to our stockholders over the Internet under the notice and access rules of the Securities and Exchange Commission. We believe these rules allow us to provide our stockholders with the information they need, while reducing our printing and mailing costs and helping to conserve natural resources. The Notice of Internet Availability of Proxy Materials that you received in the mail contains instructions on how to access this proxy statement and the 2009 annual report and vote online. The Notice also includes instructions on how you can request a paper copy of the annual meeting materials.

Your vote is important. Whether or not you plan to attend the annual meeting, I urge you to take a moment to vote on the items in this year s proxy statement. Voting takes only a few minutes, and it will ensure that your shares are represented at the meeting.

Sincerely,

J. Edward Coleman
Chairman and Chief
Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 29, 2010

Unisys Corporation will hold its 2010 Annual Meeting of Stockholders at the Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania, on Thursday, April 29, 2010, at 9:30 a.m., local time, to:

1. approve amendments to the Company s Restated Certificate of Incorporation and Bylaws to declassify the Board of Directors and provide for the annual election of all directors beginning at the 2011 Annual Meeting of Stockholders;

2. approve an amendment to the Company s Bylaws to increase the mandatory retirement age for directors from age 70 to age 72;

3. approve amendments to the Company s Restated Certificate of Incorporation and Bylaws to decrease the minimum and maximum number of directors that may comprise the Board of Directors;

4. elect two directors (or, if the amendment referred to in item 2 is approved, elect three directors);

5. ratify the selection of the Company s independent registered public accounting firm for 2010;

6. approve the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan; and

7. transact any other business properly brought before the meeting.

Only record holders of Unisys common stock at the close of business on March 1, 2010 will be entitled to vote at the annual meeting.

By Order of the Board of Directors,

Nancy Straus Sundheim
Senior Vice President, General Counsel
and Secretary

Blue Bell, Pennsylvania
March 18, 2010

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on April 29, 2010:

The Company s proxy statement and annual report are available on our website at www.unisys.com/go/proxy and www.unisys.com/go/annual.

Your vote is important. Whether or not you plan to attend the annual meeting, please promptly submit your proxy or voting instructions by Internet, telephone, or mail. For specific instructions on how to vote your shares, please refer to the instructions found on the Notice of Internet Availability of Proxy Materials you received in the mail or, if you received a paper copy of the proxy materials, the enclosed proxy/voting instruction card.

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UNISYS CORPORATION

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

April 29, 2010

The Board of Directors of Unisys Corporation solicits your proxy for use at the 2010 Annual Meeting of Stockholders to be held on April 29, 2010 and at any adjournments or postponements thereof. At the annual meeting, stockholders will be asked to (1) approve amendments to the Company s Bylaws and Restated Certificate of Incorporation, as applicable, to (a) declassify the Board of Directors so that all directors are elected annually, (b) increase the mandatory retirement age for directors from age 70 to age 72 and (c) decrease the minimum and maximum number of directors that may comprise the Board of Directors; (2) elect two (or, if the above amendment relating to the mandatory retirement age is approved, three) directors, (3) ratify the selection of the Company s independent registered public accounting firm, (4) approve a new long-term incentive and equity compensation plan and (5) transact any other business properly brought before the meeting.

The record date for the annual meeting is March 1, 2010. Only holders of record of Unisys common stock as of the close of business on the record date are entitled to vote at the meeting. On the record date, 42,514,958 shares of common stock were outstanding. The presence, in person or by proxy, of a majority of those shares will constitute a quorum at the meeting.

This proxy statement, the proxy/voting instruction card and the annual report of Unisys, including the financial statements for 2009, are being sent or given to stockholders on or about March 18, 2010.

Required Vote

Each share of Unisys common stock outstanding on the record date is entitled to one vote on each matter to be voted upon.

Amendments to Bylaws and Restated Certificate of Incorporation. The affirmative vote of not less than 80% of the outstanding shares of common stock entitled to vote is required to approve each of (1) the proposal to amend the Company s Restated Certificate of Incorporation and Bylaws to declassify the Board, (2) the proposal to amend the Company s Bylaws to increase the mandatory retirement age of directors, and (3) the proposal to amend the Company s Restated Certificate of Incorporation and Bylaws to decrease the minimum and maximum number of directors. Any shares not voted (whether by abstention, broker non-vote or otherwise) will have the same effect as a vote Against the proposal.

Election of Directors. Directors will be elected by the vote of a majority of the votes cast at the meeting. This means that a nominee will be elected if the number of votes cast For that nominee exceeds the number of votes cast Against that nominee. Any shares not voted (whether by abstention, broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the vote.

Independent Registered Public Accounting Firm; New Long-Term Incentive and Equity Compensation Plan. The proposal to ratify the selection of the Company s independent registered public accounting firm and the proposal to approve a new long-term incentive and equity compensation plan will each be approved if it receives the affirmative vote of a majority of

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shares present, in person or by proxy, and entitled to vote on the matter. Abstentions will be included in the vote totals for these matters and therefore will have the same effect as a negative vote; broker non-votes will not be included in the vote totals and therefore will have no effect on the vote.

Internet Availability of Proxy Materials

Pursuant to the notice and access rules adopted by the Securities and Exchange Commission (the SEC), the Company has elected to provide stockholders access to its proxy materials over the Internet. Accordingly, the Company sent a Notice of Internet Availability of Proxy Materials (the Notice) to most stockholders (other than those who previously requested electronic or paper delivery of proxy materials). The Notice includes instructions on how to access the proxy materials over the Internet and how to request a printed copy of these materials. In addition, by following the instructions in the Notice, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

Choosing to receive your future proxy materials by email will save the Company the cost of printing and mailing documents to you and will reduce the impact of the Company s annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Voting Procedures and Revocability of Proxies

Your vote is important. Shares may be voted at the annual meeting only if you are present in person or represented by proxy. You can vote by proxy over the Internet by following the instructions provided in the Notice, or, if you request printed copies of the proxy materials by mail, you can also vote by submitting a proxy by mail or by telephone by following the instructions provided on the proxy/voting instruction card. If you have previously elected to receive proxy materials over the Internet, you should have already received e-mail instructions on how to vote electronically.

You may revoke your proxy at any time before it is exercised by writing to the Corporate Secretary of Unisys, by timely delivery of a properly executed later-dated proxy (including an Internet or telephone vote) or by voting in person at the meeting.

The method by which you vote will in no way limit your right to vote at the meeting if you later decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the meeting.

If you properly complete and return your proxy, and do not revoke it, the proxy holders will vote your shares in accordance with your instructions. If your properly completed proxy gives no instructions, the proxy holders will vote your shares FOR each proposal to amend the Company s Restated Certificate of Incorporation and/or Bylaws to effect the changes regarding the Board of Directors described in this proxy statement, FOR the election of directors, FOR the selection of independent registered public accountants, FOR the approval of the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan and in their discretion on any other matters that properly come before the annual meeting.

If you are a participant in the Unisys Savings Plan, the proxy/voting instruction card will serve as voting instructions to the plan trustee for shares of Unisys common stock credited to your account as of March 1, 2010. The trustee will vote those shares in accordance with your instructions if it

receives your completed proxy by April 27, 2010. If the proxy is not timely received, or if you give no instructions on a matter to be voted upon, the trustee will vote the shares credited to your account in the same proportion as it votes those shares for which it received timely instructions from other participants.

AMENDMENTS TO RESTATED CERTIFICATE OF INCORPORATION AND/OR BYLAWS (Items 1, 2 and 3)

The Company s Board of Directors has adopted, declared advisable and is submitting for stockholder approval amendments to the Company s Restated Certificate of Incorporation and/or Bylaws to (a) declassify the Board of Directors so that all directors are elected annually, (b) increase the mandatory retirement age for directors from age 70 to age 72 and (c) decrease the minimum and maximum number of directors that may comprise the Board. Pursuant to the Company s Restated Certificate of Incorporation, the adoption of each of these amendments requires the approval of 80% of the outstanding shares of common stock entitled to vote.

Declassification of Board and Annual Election of Directors (Item 1)

Article VI, Section 2 of the Company s Restated Certificate of Incorporation and Article II, Section 2 of the Company s Bylaws each currently provides that the Company s directors are divided into three classes, with the directors in each class serving a three-year term. For the reasons set forth below, the Board is proposing amendments that would eliminate the classified board structure. Under the proposed amendments, all of the Company s directors would be elected for one-year terms each year, beginning with the 2011 Annual Meeting. All current director terms will expire at the 2011 Annual Meeting, even if some directors were elected to multi-year terms that, absent the proposed amendments, would not have expired at the 2011 Annual Meeting. The proposed amendments would also amend the provisions in the Restated Certificate of Incorporation and Bylaws regarding removal of directors. Under Delaware corporate law, directors of companies that have a classified board may be removed only for cause (unless their certificate of incorporation provides otherwise), whereas directors of companies that do not have a classified structure may be removed with or without cause. The Company s Restated Certificate of Incorporation currently provides that directors may be removed only for cause. Because the amendments would eliminate the classified structure, the amendments also amend Section 5 of Article VI of the Restated Certificate of Incorporation and Section 4 of Article II of the Bylaws to provide that directors may be removed with or without cause. In addition, Article VI, Section 4 of the Restated Certificate of Incorporation and Article II, Section 3 of the Bylaws would be amended to provide that directors appointed to fill Board vacancies and new directorships will serve for a term expiring at the next annual meeting of stockholders following their appointment to the Board.

The Board has reviewed whether the Company s classified board structure continues to be in the best interests of the Company and its stockholders. In conducting its review, the Board considered that the general purposes of the classified board are to promote stability and continuity in leadership on the board and to provide the board with a greater opportunity to protect the interests of stockholders from abusive takeover tactics in the event of an unsolicited takeover offer. The Board also considered that some corporate governance experts and institutional stockholders believe that a classified board reduces accountability to stockholders because it prevents stockholders from evaluating all directors on an annual basis. In addition, the Board recognized that the annual election of directors continues to evolve as a best practice in corporate governance. After weighing these considerations, the Board has determined that it would be in the best interests of the Company and its stockholders to eliminate the classified board.

The text of the proposed amendments to the relevant sections of Article VI of the Company s Restated Certificate of Incorporation and Article II of the Company s Bylaws are attached as Appendix A and Appendix B, respectively, to this proxy statement. Deletions are indicated by strike-throughs and additions are indicated by underlining. If approved, these amendments will become effective upon the filing of a Certificate of Amendment to the Company s Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, which the Company intends to do promptly following the annual meeting.

The Board of Directors recommends a vote FOR the proposal to amend the Company s Restated Certificate of Incorporation and Bylaws to provide for the declassification of the Board and the annual election of all directors.

Increase in Mandatory Retirement Age of Directors to Age 72 (Item 2)

The final sentence of Article II, Section 5 of the Company s Bylaws currently provides as follows:

No person shall be elected a director of the Corporation after having attained the age of seventy years.

For the reasons set forth below, the Company s Board of Directors has adopted and is submitting for stockholder approval an amendment to this provision of the Bylaws to increase the mandatory retirement age for directors to age 72.

The Board believes that 72, rather than 70, is a more appropriate retirement age for the Company s directors. The Board believes that the current retirement age results in the premature retirement of directors at an age when they are valuable members of the Board of Directors with substantial knowledge of the Company s history and operations. Increasing the mandatory retirement age to 72 would give the Company the opportunity to maintain the valuable expertise of directors for an additional time period, while at the same time maintaining a mandatory retirement age that is in line with the average retirement age of directors of major corporations. If the proposed amendment is adopted, Theodore E. Martin, who has been a director of the Company since 1995 and who is chairman of the Compensation Committee and a member of the Audit Committee, will stand for reelection at the annual meeting. If the proposed amendment is not adopted by stockholders, Mr. Martin, who is 70 years old, will not be a nominee for election at the meeting and will retire from the Board, and the size of the Board of Directors will be reduced.

The final sentence of Article II, Section 5 of the Company s Bylaws will be amended to read as follows if the proposed amendment is approved by stockholders:

No person shall be elected a director of the Corporation after having attained the age of seventy-two years.

If it is approved by the stockholders, this amendment to the Company s Bylaws will become effective immediately upon such approval. If this amendment is adopted, the Company will also make conforming changes to its corporate governance guidelines regarding the appropriate retirement age for directors.

The Board of Directors recommends a vote FOR the proposal to amend the Company s Bylaws to increase the mandatory retirement age of directors to age 72.

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Decrease in Minimum and Maximum Number of Directors (Item 3)

Article VI, Section 1 of the Company s Restated Certificate of Incorporation and Article II, Section 1 of the Company s Bylaws each currently provides that the Board is to consist of no fewer than 10 and no more than 20 persons, with the exact number within this range to be determined by the Board of Directors. The Board currently consists of 12 members. For the reasons set forth below, the Board believes that it would be in the best interests of the Company and its stockholders to reduce the minimum and maximum number of directors to a range of seven to 15 persons.

The Board of Directors believes that a smaller board is more effective in facilitating communications and decision making. A board of directors consisting of between seven and 15 persons would be consistent with the way the Board has operated for the past ten years, where the number of directors on the Board during this time has ranged from a minimum of 10 persons to a maximum of 13 persons. It would also be consistent with the continuing trend towards smaller boards, with the average board size of major corporations decreasing over the past ten years.

The Company currently has 12 directors. However, as set forth below under Election of Directors , one of the company s current directors has decided not to stand for reelection. As a result, the Board will consist of 11 members following this year s annual meeting. If the amendment to the Company s Bylaws to increase the mandatory retirement age of directors described above in Item 2 is not approved by stockholders, the Board will be further reduced to 10 members. The Board believes that decreasing the minimum number of directors would also avoid the potential situation of having to quickly fill any unexpected vacancies in order to meet the existing minimum size requirement. Given the importance of recruiting qualified, independent directors, the Board believes it is prudent to conduct an organized search for a replacement when vacancies occur.

The text of the proposed amendments to Article VI, Section 1 of the Company s Restated Certificate of Incorporation and Article II, Section 1 of the Company s Bylaws are attached as Appendix C and Appendix D, respectively, to this proxy statement. Deletions are indicated by strike-throughs and additions are indicated by underlining. If approved, these amendments will become effective upon the filing of a Certificate of Amendment to the Company s Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, which the Company intends to do promptly following the annual meeting.

The Board of Directors recommends a vote FOR the proposal to amend the Company s Restated Certificate of Incorporation and Bylaws to decrease the minimum and maximum number of directors that may comprise the Board of Directors.

ELECTION OF DIRECTORS
(Item 4)

The Board of Directors currently consists of 12 members, divided into three classes. Currently, one class of directors is elected each year to hold office for a three-year term. However, if stockholders approve the amendments to the Company s Restated Certificate of Incorporation and Bylaws to eliminate the classified board, as described under Item 1 of this proxy statement, the terms of all directors, including the directors to be elected at the annual meeting, will expire at the 2011 annual meeting. In either case, each director will hold office until his or her successor has been elected and qualified or until the director s earlier resignation or removal. Three of the four directors whose terms expire in 2010, Henry C. Duques, Theodore E. Martin and Charles B. McQuade, have been nominated for reelection. Clayton M. Jones has decided not to stand for reelection. Mr. Martin s nomination is subject to the approval by stockholders of the amendment to the Company s Bylaws to increase the mandatory retirement age of directors described above in

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Item 2. If that amendment is not approved by stockholders, Mr. Martin will retire from the Board of Directors at the annual meeting and will not stand for reelection, and the size of the Board will be reduced to 10 members. The remaining eight directors will continue to serve as set forth below. However, if stockholders approve the amendments to the Restated Certificate of Incorporation and Bylaws to eliminate the classified board, the terms of all the Company s directors, including the directors to be elected at this annual meeting, will expire at the 2011 annual meeting of stockholders. Each of the nominees has agreed to serve as a director if elected, and Unisys believes that each nominee will be available to serve. However, the proxy holders have discretionary authority to cast votes for the election of a substitute should any nominee not be available to serve as a director.

The Board of Directors recommends a vote FOR all nominees.

Information Regarding Nominees and Directors

The names and ages of the nominees and directors, their principal occupations and employment during the past five years, and other information regarding them are as follows.

Nominees for Election to the Board of Directors

HENRY C. DUQUES
Mr. Duques, 66, is a retired Chairman and Chief Executive Officer of First Data Corporation, an electronic commerce and payment services company, a position he held from 1992 to 2002 and from 2005 to 2007. Mr. Duques served as a director of First Data Corporation from 2003 to 2005, of SunGard Data Systems, Inc. from 2003 to 2005 and of CheckFree Corporation from 2003 to 2005. He has served as a director of Unisys since 1998, was the non-executive Chairman of the Board from 2006 until October 2008 and currently serves as Lead Director. He is a member of the Audit Committee.

Mr. Duques is an experienced business leader with the skills necessary to be our Lead Director. He served as Chairman and CEO of First Data, a public company in an industry in which Unisys participates, for over 10 years. As a director of Unisys for more than 10 years and its non-executive Chairman from 2006 to 2008, he has gained a deep understanding of the Company. His previous experience on the boards of other public companies, some within our industry, further augments his range of knowledge, providing experience on which he can draw while serving as a member of our Board.

THEODORE E. MARTIN

Mr. Martin, 70, is a retired President and Chief Executive Officer of Barnes Group Inc., a manufacturer and distributor of automotive and aircraft components and maintenance products. He has also held the position of Executive Vice President-Operations of that company. He is currently a director of Ingersoll-Rand Company Limited and C. R. Bard, Inc. He served as director of Applera Corporation from 2001 to 2008. He has served as a director of Unisys since 1995 and is Chairman of the Compensation Committee and a member of the Audit Committee.

With his years of experience as both the chief executive and the head of operations at Barnes Group, Mr. Martin brings to the Board critical insights into the operational requirements of a public company. In addition, his service on the boards of a variety of other companies, including as a member of the audit committee of Ingersoll-Rand and of the audit and compensation committees of C. R. Bard, as well as his more than ten years as a director of Unisys, give him a deep understanding not only of the role of the Board but also of the Company and its operations.

CHARLES B. MCQUADE

Mr. McQuade, 68, retired in 2002 from the position of Chairman and Chief Executive Officer of Securities Industry Automation Corp. (SIAC) (now wholly owned by NYSE Euronext) after more than 20 years of service as Chief Executive Officer. He was a director of Greenpoint Financial from 1992 until its acquisition by North Fork Bank in 2002 and a director of Gartner, Inc. from 1999 through 2000. He has served on numerous industry and educational advisory boards. Mr. McQuade has served as a director of Unisys since 2008 and is a member of the Compensation Committee and the Finance Committee.

By virtue of his more than 20 years serving as chief executive officer of SIAC, a company known as a technological leader in the securities industry, Mr. McQuade brings to the Board valuable knowledge in the areas of automated information handling and communications systems. In addition, his service on various industrial and educational advisory boards allows him to bring a variety of viewpoints and perspectives to Board deliberations.

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Members of the Board Continuing in Office
Term Expiring in 2011

J. P. BOLDUC

Mr. Bolduc, 70, has been Chairman and Chief Executive Officer of JPB Enterprises, Inc., an investment banking, private equity and real estate investment holding company, since April 1995. From April 2003 to September 2004, he also served as Chief Executive Officer of J. A. Jones, a multi-national construction and construction-related services company. From 1987 to 1995, he served in the positions of President and Chief Executive Officer, Vice Chairman, Chief Operating Officer and Chief Financial Officer of W. R. Grace & Co., a global specialty chemicals and health care company. He is currently a director of EnPro Industries, Inc. and Lance, Inc. From 1996 to 2009, Mr. Bolduc also served as a director of Management Consulting Group, PLC (formerly Proudfoot PLC). He has served as a director of Unisys since 1992 and is chairman of the Finance Committee.

As the former CEO, chief operating officer and chief financial officer of W.R. Grace, and the current head of his own investment banking, private equity and real estate investment holding company, Mr. Bolduc has a broad understanding of the operational, financial and strategic issues facing public and private companies. Through his business ventures, he is also knowledgeable about the U.S. Federal government market and the security market, two markets that Unisys serves. In addition, his service on the boards of a variety of companies, as well as his more than 10 years of service on the Unisys Board, give him a broad understanding of the role of the Board and the Company and its operations.

In February 2003, the SEC and Mr. Bolduc settled public administrative and cease-and-desist proceedings. Without admitting or denying the SEC s findings, Mr. Bolduc consented to the entry of a cease-and-desist order in which the SEC found that, between 1991 and 1995, while Mr. Bolduc was president and either chief operating officer or chief executive officer of W. R. Grace & Co. and a member of its board of directors, Grace fraudulently used reserves to defer income earned by a subsidiary, primarily to smooth earnings of its health care segment, in violation of the antifraud provisions of the federal securities laws, as well as the provisions that require public companies to keep accurate books and records, maintain appropriate internal accounting controls and file accurate annual and quarterly reports. The order generally finds that Mr. Bolduc, through his actions or omissions, was a cause of these violations. The order also notes that, during the period in question, Mr. Bolduc did not sell any of the substantial number of Grace shares that he owned. The SEC ordered Mr. Bolduc to cease and desist from committing or causing any violation or future violation of the antifraud and reporting requirements of the federal securities laws. It did not impose any fines, penalties or bars on Mr. Bolduc.

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JAMES J. DUDERSTADT

Dr. Duderstadt, 67, is President Emeritus and University Professor of Science and Engineering at the University of Michigan. He served as a director of CMS Energy Corporation from 1994 to 2004. He has served as a director of Unisys since 1990 and is chairman of the Nominating and Corporate Governance Committee and a member of the Compensation Committee.

Dr. Duderstadt brings to the Board not only the management expertise and unique perspective gained from serving as the president of a major state university but also substantial technical knowledge, particularly in the areas of science, mathematics and engineering. Dr. Duderstadt serves on several major national boards and study commissions in areas such as federal science policy, higher education, information technology, energy sciences, and national security. This, combined with his more than ten years of service as a director of Unisys, make him a valued contributor to the Board of Directors.

MATTHEW J. ESPE

Mr. Espe, 51, is a director and Chairman and Chief Executive Officer of IKON Office Solutions, Inc., a provider of integrated document management systems and services. Prior to joining IKON in 2002, Mr. Espe had been with General Electric Company since 1980, most recently serving as President and Chief Executive Officer of GE Lighting. He has served as a director of Unisys since 2004 and is Chairman of the Audit Committee and a member of the Finance Committee.

As the Chairman and CEO of IKON Office Solutions and a former senior executive at General Electric, Mr. Espe brings management experience, leadership capabilities, financial knowledge and business acumen to our Board. At IKON, he has overseen the transition of the company from primarily an equipment provider to one that also provides information technology services, a transition that Unisys has also made. Drawing from that experience, he brings a unique perspective to our Board.

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DENISE K. FLETCHER

Ms. Fletcher, 61, is a former Executive Vice President, Finance of Vulcan Inc., an investment and project company, a position she held from 2005 to 2008. From 2004 to 2005, she served as Chief Financial Officer of DaVita, Inc., a provider of dialysis services in the United States. From 2000 to 2003, she was Executive Vice President and Chief Financial Officer of MasterCard International, an international payment solutions company. During 2004 and 2005 she served as a director of Sempra Energy and of Orbitz, Inc., where she chaired its audit committee. She has served as a director of Unisys since 2001 and is a member of the Audit Committee and the Nominating and Corporate Governance Committee.

As an experienced financial and operational leader with companies in a variety of industries, Ms. Fletcher brings a broad understanding of the strategic priorities of diverse industries, coupled with deep knowledge of financial and tax matters and financial reporting, and experience in investments and acquisitions. In addition, Ms. Fletcher s years at MasterCard have given her an understanding of the financial and other aspects of doing business globally, which is particularly important for a company like Unisys, which receives more than half of its revenue from international operations.

CLAY B. LIFFLANDER

Mr. Lifflander, 47, has been President of Millbrook Capital Management, Inc. since 1995 and of MMI Investments, L.P. since 1996. From 1995 to 2004, he served as Chief Executive Officer of Key Components LLC. Prior to that, he served as President of the New York City Economic Development Corporation under then Mayor Rudolph Giuliani (1994-1995) and as Managing Director in the Mergers and Acquisitions Group at Smith Barney (1984-1994). Mr. Lifflander served as a director of Dendrite International, Inc. from 2006 to 2007, Key Components LLC from 1995 to 2004 and United Nations Development Corporation from 1994 to 1996 and currently serves on the Board of the Hudson River Museum. He has served as a director of Unisys since 2008 and is a member of the Finance Committee and the Nominating and Corporate Governance Committee.

As disclosed in the Company s 2008 and 2009 proxy statements, Mr. Lifflander was appointed to the Board in 2008 pursuant to an agreement between the Company and MMI Investments, L.P., a major stockholder of the Company. In addition to his senior management and investment banking experience, Mr. Lifflander brings to the Board the perspective of a major Company stockholder.

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Members of the Board Continuing in Office
Term Expiring in 2012

J. EDWARD COLEMAN
Mr. Coleman, 58, is Chairman and Chief Executive Officer of Unisys. He has been with Unisys since 2008. Mr. Coleman has been in the information technology industry for more than 30 years, serving as Chief Executive Officer of Gateway, Inc. from 2006 to 2008; as Senior Vice President and President of enterprise computing solutions at Arrow Electronics from 2005 to 2006 and as Chief Executive Officer of CompuCom from 1999 to 2004. He also served as a director of Gateway, Inc. from 2006 to 2007, as chairman of CompuCom from 2001 to 2004 and was a director of CompuCom from 2000 to 2007. Prior to that, he held various leadership and executive positions at Computer Sciences Corporation and IBM Corporation. He has served as a director of Unisys since 2008.

Under Mr. Coleman s leadership, Unisys has focused its resources and investments, streamlined operations and cut costs, which resulted in significantly improved profitability and cash flow in 2009. This, coupled with Mr. Coleman s extensive experience in the information technology business, positions him well to serve as the company s Chairman and Chief Executive Officer.

LESLIE F. KENNE
Ms. Kenne, 62, is a retired Lieutenant General of the United States Air Force. Prior to retiring from the Air Force in 2003 as Deputy Chief of Staff, Warfighting Integration, Pentagon, she had a 32-year military career including technical training, command experience and responsibility for large aircraft test, evaluation and acquisition programs. She is currently an independent consultant for various defense companies and/or agencies. Ms. Kenne served as a director of EDO Corporation from 2004 to 2007 and is currently a director of Harris Corporation. She has served as a director of Unisys since 2006 and is a member of the Nominating and Corporate Governance Committee.

As a retired Air Force Lieutenant General, Ms. Kenne brings a unique perspective to our Board. In addition to her successful record of leadership and military service, she has first hand experience on large government projects and on the government procurement process, experience that is valuable given the Company s public sector business. Through her consultancy work, she also has knowledge of the security market, a market that Unisys serves.

PAUL E. WEAVER

Mr. Weaver, 64, has over 30 years of experience in providing accounting, audit and business advisory advice and services. He was with PricewaterhouseCoopers from 1972 to 2006, serving as the firm s Vice Chairman from 1994 to 1999 and as Chairman of its Global Technology and Infocomm practice from 1999 to 2006. Mr. Weaver is currently a director of AMN Healthcare, Inc. and WellCare Health Plans, Inc. He also served as a director of Gateway, Inc. from 2006 to 2007 and as a director of Idearc Media from 2006 to 2009. Mr. Weaver has served as a director of Unisys since February 2010 and is a member of the Audit Committee.

Mr. Weaver s experience in leadership and governance roles within PricewaterhouseCoopers, his position as head of the firm s global technology practice and his years of experience providing audit and advisory services to a number of the world s largest multinational companies make him particularly suited to be a director of Unisys and a member of the Audit Committee. In addition, his service on other boards and audit committees, including as chairman of the audit committee of AMN Healthcare, gives him valuable knowledge and perspective.

Board Meetings; Attendance at Annual Meetings

The Board of Directors held eight meetings in 2009. During 2009, all directors attended at least 75% of the meetings of the Board of Directors and standing committees on which they served.

It is the Company s policy that all directors should attend the annual meeting of stockholders. All of the Company s directors at the time of the 2009 annual meeting attended that meeting.

Independence of Directors

All of the Company s directors other than Mr. Coleman meet the independence requirements prescribed by the New York Stock Exchange (NYSE) and, in the case of members of the Audit Committee, also meet the audit committee independence requirements prescribed by the SEC. In assessing whether a director has a material relationship with Unisys (either directly or as a partner, stockholder or officer of an organization that has a relationship with Unisys), the Board uses the criteria outlined below in paragraph 2 of Corporate Governance Guidelines . All non-employee directors met these criteria in 2009. In particular, two of the Company s non-employee directors, Mr. Espe and Mr. Jones, served as chief executive officer of a company that does business with Unisys in the ordinary course. In each instance, combined Unisys sales to and purchases from the director s company in 2009 represented less than one percent of that company s annual revenue.

Committees

The Board of Directors has a standing Audit Committee, Compensation Committee, Finance Committee and Nominating and Corporate Governance Committee. The specific functions and responsibilities of each committee are set forth in its charter, which is available on the Company s Internet web site at www.unisys.com in the Investor Relations section under Corporate Governance and is also available in print to any stockholder who requests it.

Audit Committee

The Audit Committee assists the Board in its oversight of (1) the integrity of the Company s financial statements and its financial reporting and disclosure practices, (2) the soundness of its

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systems of internal financial and accounting controls, (3) the independence and qualifications of its independent registered public accounting firm, (4) the performance of its internal auditors and independent registered public accounting firm, (5) the Company s compliance with legal and regulatory requirements and the soundness of its ethical and environmental compliance programs and (6) the Company s risk assessment and risk management policies. The Audit Committee held 10 meetings in 2009. Its members in 2009 were Mr. Duques, Mr. Espe (chair), Ms. Fletcher and Mr. Martin. Mr. Weaver became a member of the Audit Committee in February 2010. The Board has determined that each of Mr. Duques, Mr. Espe, Ms. Fletcher, Mr. Martin and Mr. Weaver is an audit committee financial expert as defined by the SEC.

Compensation Committee

The Compensation Committee oversees the compensation of the Company s executives, the Company s executive management structure, the compensation-related policies and programs involving the Company s executive management and the level of benefits of officers and key employees. In this capacity, the committee regularly reviews and approves the Company s executive compensation strategy and principles to ensure that they are aligned with the Company s business strategy and objectives and with stockholder interests. Under its charter, the Compensation Committee annually reviews and approves goals and objectives relevant to the compensation of the chief executive officer, evaluates the performance of the chief executive officer in light of those goals and objectives and makes recommendations to the independent members of the Board concerning the compensation level of the chief executive officer. The committee also annually reviews and approves compensation levels of the other elected officers. In this regard, the committee solicits input from the Company s chief executive officer regarding the compensation of those executives who report directly to him. The Compensation Committee also reviews and recommends to the Board the adoption of director compensation programs. The Company s guidelines regarding the compensation of directors are described more fully in paragraph 11 of Corporate Governance Guidelines below. As is discussed more fully below in Compensation Discussion and Analysis , the Compensation Committee regularly receives reports and recommendations from management and from the committee s outside compensation consultant to assist it in carrying out its responsibilities. In 2009, the outside compensation consultant engaged by the Compensation Committee was Watson Wyatt. During 2009, Watson Wyatt and its affiliates did not provide additional services to the Company or its affiliates in an amount in excess of $120,000. In January 2010, Watson Wyatt and Towers Perrin merged to form Towers Watson & Co. Towers Perrin has provided in the past, and continues to provide, human resources consulting and other services to the Company. As a result, effective January 1, 2010, the Compensation Committee engaged a new consultant, Pearl Meyer & Partners. Under its charter, the committee also may consult with legal, accounting or other advisors, as appropriate, and may form and delegate authority to subcommittees when appropriate. The Compensation Committee held eight meetings in 2009. Its members are Dr. Duderstadt, Mr. Jones, Mr. Martin (chair) and Mr. McQuade.

Finance Committee

The Finance Committee oversees the Company s financial affairs, including its capital structure, financial arrangements, capital spending and acquisition and disposition plans. It also oversees the management and investment of funds in the pension, savings and welfare benefit plans sponsored by the Company. The Finance Committee held nine meetings in 2009. Its members are Mr. Bolduc (chair), Mr. Espe, Mr. Jones, Mr. Lifflander and Mr. McQuade.

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Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee identifies and reviews candidates and recommends to the Board of Directors nominees for membership on the Board of Directors. It also oversees the Company s corporate governance. The Nominating and Corporate Governance Committee held four meetings in 2009. Its members are Dr. Duderstadt (chair), Ms. Fletcher, Ms. Kenne and Mr. Lifflander.

Director Nomination Process

As part of the nomination process, the Nominating and Corporate Governance Committee is responsible for determining the appropriate skills and characteristics required of new Board members in the context of the current make-up of the Board and for identifying qualified candidates for Board membership. In so doing, the Nominating and Corporate Governance Committee considers, with input from the Board, those factors it deems appropriate, such as independence, experience, strength of character, mature judgment, technical skills, diversity, age and the extent to which the individual would fill a present need on the Board. The aim is to assemble a Board that is strong in its collective knowledge and that consists of individuals who bring a variety of complementary attributes and who, taken together, have the appropriate skills and experience to oversee the Company s business. As set forth above, the Nominating and Corporate Governance Committee considers diversity as one of a number of factors in identifying nominees for director. It does not, however, have a formal policy in this regard. The committee views diversity broadly to include diversity of experience, skills and viewpoint as well as traditional diversity concepts such as race or gender.

The Nominating and Corporate Governance Committee receives suggestions for new directors from a number of sources, including Board members. It also may, in its discretion, employ a third party search firm to assist in identifying candidates for director. In February 2010, the committee recommended, and the Board elected, a new director, Paul E. Weaver. As part of the selection process, the committee looked for a candidate with auditing and accounting expertise and with experience with the information technology industry. Mr. Weaver, who was a director of Gateway, Inc. when Mr. Coleman was that company s chief executive officer and also a director, was initially suggested by a non-management member of the Unisys Board. The committee will also consider recommendations for Board membership received from stockholders and other qualified sources. Recommendations on director candidates must be in writing and addressed to the Chairman of the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Unisys Corporation, Unisys Way, Blue Bell, Pennsylvania 19424.

The full Board is responsible for final approval of new director candidates, as well as the nomination of existing directors for reelection. With respect to existing directors, prior to making its recommendation to the full Board, the Nominating and Corporate Governance Committee, in consultation with the Chairman of the Board and Chief Executive Officer, reviews each director s continuation on the Board as a regular part of the nominating process, which currently occurs every three years and will occur annually if the amendments discussed above in Item 1 are approved by stockholders. Specific information on the qualifications of each of the Company s directors is included above in Item 4.

Communications with Directors

Stockholders and other interested parties may send communications to the Board of Directors or to the non-management directors as a group by writing to them c/o Corporate Secretary, Unisys

Corporation, Unisys Way, Blue Bell, Pennsylvania 19424. All communications directed to Board members will be delivered to them.

Board Leadership Structure

As set forth in paragraph 4 of Corporate Governance Guidelines below, the Board does not have a policy, one way or the other, on whether the same person should serve as both the chief executive officer and chairman of the board or, if the roles are separate, whether the chairman should be selected from the non-employee directors or should be an employee. The Board believes that it should have the flexibility to make these determinations at any given point in time in the way that it believes best to provide appropriate leadership for the Company at that time. Over the last several years, the Company has had each of the following leadership structures, reflecting its circumstances at the time: separate chairman and chief executive officer, with the chairman being a member of the Company s management (2005); separate non-employee chairman and chief executive officer (2006-2008) and combined chairman and chief executive officer (October 2008 to present). The Board believes that its current leadership structure, with Mr. Coleman serving as both chief executive officer and board chairman, is appropriate given Mr. Coleman s past experience serving in these roles, the efficiencies of having the chief executive officer also serve in the role of chairman and the Company s strong corporate governance structure. Pursuant to the Company s governance guidelines, whenever the chairman is an employee of the Company, the Board elects a lead director from its independent directors. The lead director is currently Mr. Duques. The chairman and chief executive officer consults periodically with the lead director on Board matters and on issues facing the Company. In addition, the lead director serves as the principal liaison between the chairman of the board and the independent directors and presides at an executive session of non-management directors at each regularly scheduled board meeting.

Risk Oversight

In its oversight role, the Board of Directors annually reviews the Company s strategic plan, which addresses, among other things, the risks and opportunities facing the Company. The Board also has overall responsibility for executive officer succession planning and reviews succession plans each year. The Board has delegated certain risk management oversight responsibility to the Board committees. As part of its responsibilities as set forth in its charter, the Audit Committee is responsible for discussing with management the Company s major financial risk exposures and the steps management has taken to monitor and control those exposures, including the Company s risk assessment and risk management policies. In this regard, the Company s chief audit executive prepares annually a comprehensive risk assessment report and reviews that report with the Audit Committee each year. This report identifies the material business risks (including strategic, operational, financial reporting and compliance risks) for the Company as a whole, as well as for each business unit and for corporate common services, and identifies the controls that respond to and mitigate those risks. The Company s management regularly evaluates these controls, and the chief audit executive periodically reports to the Audit Committee regarding their design and effectiveness. The Audit Committee also receives annual reports from management on the Company s ethics program and on environmental compliance. The Finance Committee regularly reviews with management the Company s financial arrangements, capital structure and the Company s ability to access the capital markets. It also oversees the allocation policies with respect to the Company s pension assets, as well as the performance of pension plan investments. The Nominating and Corporate Governance Committee annually reviews the Company s corporate governance guidelines and their implementation. Each committee regularly reports to the full Board.

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Compensation of Directors

In 2009, the Company s non-employee directors received an annual retainer/attendance fee for regularly scheduled meetings of $60,000 and a meeting fee of $1,500 per meeting for attendance at certain additional Board and committee meetings. In addition, Mr. Duques received a $25,000 annual retainer for serving as Lead Director; chairmen of committees other than the audit committee each received a $5,000 annual retainer; and the chair of the audit committee received a $20,000 annual retainer. On February 12, 2009 each non-employee director received a grant of 6,310.8 restricted stock units. This number reflects the one-for-ten reverse split of the Company s common stock in October 2009 (the Reverse Stock Split). The restricted stock units vest in three annual installments beginning one year after the date of grant if the director is still a director or, if not, has met certain service criteria and will be settled in shares of Unisys common stock.

The annual retainers described above are paid in monthly installments in cash. However, directors may choose, on an annual basis, to receive these fees in the form of common stock equivalent units. The value of each stock unit at any point in time is equal to the value of one share of Unisys common stock. Stock units are recorded in a memorandum account maintained for each director. A director s stock unit account is payable in Unisys common stock, either upon termination of service or on a date specified by the director, at the director s option. Directors do not have the right to vote with respect to any stock units. Directors also have the opportunity to defer until termination of service, or until a specified date, all or a portion of their cash fees under the Company s deferred compensation plan for directors. Under this plan, any deferred cash amounts, and earnings or losses thereon (calculated by reference to the investment options available under the Unisys Savings Plan and selected by the director), are recorded in a memorandum account maintained for each director. The right to receive future payments of deferred cash accounts is an unsecured claim against the Company s general assets. Directors who are employees of the Company do not receive any cash, stock units, stock options or restricted stock units for their services as directors. The table below provides a summary of Director Compensation for 2009.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2),(3)	Option Awards ($) (4)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
J.P. Bolduc Chairman, Finance Committee	72,500	40,389					112,889
James J. Duderstadt Chairman, Nominating and Corporate Governance Committee	69,500	40,389					109,889
Henry C. Duques Lead Director	85,000	40,389					125,389
Matthew J. Espe	83,667	40,389					124,056

Chairman, Audit Committee			
Denise K. Fletcher	73,500	40,389	113,889
Clayton M. Jones	67,500	40,389	107,889
Leslie F. Kenne	67,500	40,389	107,889
Clay B. Lifflander	66,000	40,389	106,389
Theodore E. Martin	74,000	40,389	114,389
Chairman, Compensation Committee			
Charles B. McQuade	69,000	40,389	109,389

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(1) Amounts shown are the annual retainer/meeting fee, annual fees for chairmen of committees and the lead director, and meeting fees for attendance at additional meetings. Includes amounts that have been deferred under the deferred compensation plan for directors. Also includes the value of stock units received in lieu of cash payments of retainers and fees, as described above.

(2) Amounts shown are the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the assumptions made in such valuation, see note 16 to the Company s 2009 financial statements. All amounts shown are in respect of the 6,310.8 restricted stock units granted to directors on February 12, 2009.

(3) At December 31, 2009, directors had outstanding restricted stock units as follows: Mr. Bolduc 8,775.3; Dr. Duderstadt 8,775.3; Mr. Duques 8,775.3; Mr. Espe 8,775.3; Ms. Fletcher 8,775.3; Mr. Jones 8,775.3; Ms. Kenne 8,775.3; Mr. Lifflander 7,902.5; Mr. Martin 8,775.3; Mr. McQuade 7,902.5. Directors also had outstanding stock units in respect of directors fees as follows: Mr. Bolduc 2,702.9; Dr. Duderstadt 2,634.3; Mr. Duques 13,727.2; Mr. Espe 632.3; Ms. Fletcher 1,314.8; Mr. Jones 729.8; Ms. Kenne 0; Mr. Lifflander 0; Mr. Martin 14,226.0; Mr. McQuade 1,081.9.

(4) At December 31, 2009, directors had outstanding stock options as follows: Mr. Bolduc 6,800; Dr. Duderstadt 6,800; Mr. Duques 6,800; Mr. Espe 2,400; Ms. Fletcher 4,800; Mr. Jones 2,400; Ms. Kenne 0; Mr. Lifflander 0; Mr. Martin 6,800; Mr. McQuade 0.

Under the Company s stock ownership guidelines, directors are expected to own 2,500 post-Reverse Stock Split shares of the Company s common stock. This goal must be achieved by April 30, 2013 for directors in office on April 30, 2008 and within five years after election date for directors elected after April 30, 2008. Stock units received in respect of directors fees count toward fulfillment of the ownership guidelines; stock options, including vested stock options, and restricted stock units do not count. The Compensation Committee reviews the adequacy of and compliance with the guidelines on an annual basis, typically in April. The number of shares owned by each director is set forth in the stock ownership table on page 31.

Code of Ethics and Business Conduct

Unisys has a code of ethics, the Unisys Code of Ethics and Business Conduct, that applies to all employees, officers (including the chief executive officer, chief financial officer and principal accounting officer or controller) and directors. The code is posted on the Company s Internet web site at www.unisys.com in the Investor Relations section under Corporate Governance and is also available in print to any stockholder who requests it. The Company intends to post amendments to or waivers from the code (to the extent applicable to the Company s chief executive officer, chief financial officer or principal accounting officer or controller) at this location on its web site.

Corporate Governance Guidelines

The Board of Directors has adopted Guidelines on Significant Corporate Governance Issues. The full text of these guidelines is available on the Company s Internet web site at www.unisys.com in the Investor Relations section under Corporate Governance and is also available in print to any stockholder who requests it. Among other matters, the guidelines cover the following:

1. A majority of the Board of Directors shall qualify as independent under the listing standards of the New York Stock Exchange. Members of the Audit, Compensation, and Nominating and Corporate Governance Committees must also so qualify.

2. The Nominating and Corporate Governance Committee reviews annually with the Board the independence of outside directors. Following this review, only those directors who meet the independence qualifications prescribed by the New York Stock Exchange and who the Board affirmatively determines have no material relationship with the Company will be considered independent. The Board has determined that the following commercial or charitable relationships will not be considered to be material relationships that would

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impair independence: (a) if a director is an executive officer or partner of, or owns more than a ten percent equity interest in, a company that does business with Unisys, and sales to or purchases from Unisys are less than one percent of the annual revenues of that company and (b) if a director is an officer, director or trustee of a charitable organization, and Unisys contributions to that organization are less than one percent of its annual charitable receipts.

3. The Nominating and Corporate Governance Committee is responsible for determining the appropriate skills and characteristics required of Board members in the context of its current make-up, and will consider factors such as independence, experience, strength of character, mature judgment, technical skills, diversity and age in its assessment of the needs of the Board.

4. The Board is free to make the selection of Chairman of the Board and Chief Executive Officer any way that seems best to assure the success of the Company so as to provide appropriate leadership at a given point in time. Therefore, the Board does not have a policy, one way or the other, on whether or not the role of the Chief Executive and Chairman of the Board should be separate and, if it is to be separate, whether the Chairman should be selected from the non-employee directors or be an employee. If the Chairman of the Board is not an employee of the Company, the Chairman should qualify as independent under the listing standards of the New York Stock Exchange.

5. It is the sense of the Board that the Company s by-law provision that no person shall be elected a director after attaining age 70 is appropriate. Accordingly, no director shall stand for re-election at any annual stockholders meeting following attainment of age 70 and no person shall be elected a director (as a result of an increase in the number of directors, to fill a vacancy or otherwise) if such person has attained the age of 70.

6. Directors should volunteer to resign from the Board upon a change in primary job responsibility. The Nominating and Corporate Governance Committee will review the appropriateness of continued Board membership under the circumstances and will recommend, and the Board will determine, whether or not to accept the director s resignation. In addition, if the Company s chief executive officer resigns from that position, he is expected to offer his resignation from the Board at the same time.

7. Non-management directors are encouraged to limit the number of public company boards on which they serve to no more than four in addition to the Company s and should advise the Chairman of the Board and the general counsel of the Company before accepting an invitation to serve on another board.

8. The non-management directors will meet in executive session at all regularly scheduled Board meetings. They may also meet in executive session at any time upon request. If the Chairman of the Board is an employee of the Company, the Board will elect from the independent directors a lead director who will preside at executive sessions. If the Chairman is not an employee, the Chairman will preside at executive sessions.

9. Board members have complete access to Unisys management. Members of senior management who are not Board members regularly attend Board meetings, and the Board encourages senior management, from time to time, to bring into Board meetings other managers who can provide additional insights into the matters under discussion.

10. The Board and its committees have the right at any time to retain independent outside financial, legal or other advisors.

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11. It is appropriate for the Company s staff to report once a year to the Compensation Committee on the status of Board compensation in relation to other large U.S. companies. Changes in Board compensation, if any, should come at the suggestion of the Compensation Committee, but with full discussion and concurrence by the Board. Particular attention will be paid to structuring Board compensation in a manner aligned with stockholder interests. In this regard, a meaningful portion of a director s compensation should be provided and held in stock options and/or stock units. Directors should not, except in rare circumstances approved by the Board, draw any consulting, legal or other fees from the Company. In no event shall any member of the Audit Committee receive any compensation from the Company other than directors fees.

12. The Company will provide an orientation program for new directors. The Company will also provide directors with presentations from time to time on topics designed by the Company or third-party experts to assist directors in carrying out their responsibilities. Directors may also attend appropriate continuing education programs at the Company s expense.

13. The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively.

14. The non-management directors will evaluate the performance of the chief executive officer annually and will meet in executive session, led by the chairperson of the Compensation Committee, to review this performance. The evaluation is based on objective criteria, including performance of the business, accomplishment of long-term strategic objectives and development of management. Based on this evaluation, the Compensation Committee will recommend, and the members of the Board who meet the independence criteria of the New York Stock Exchange will determine and approve, the compensation of the chief executive officer.

15. To assist the Board in its planning for the succession to the position of chief executive officer, the chief executive officer is expected to provide an annual report on succession planning to the Board.

16. The Company s stockholder rights plan expired on March 17, 2006, and it has no present intention to adopt a new one. Subject to its continuing fiduciary duties, which may dictate otherwise depending on the circumstances, the Board shall submit the adoption of any future stockholder rights plan to a vote of the stockholders. Any stockholder rights plan adopted or extended without stockholder approval shall be approved by a majority of the independent members of the Board and shall be in response to specific, articulable circumstances that are deemed to warrant such action without the delay that might result from seeking prior stockholder approval. If the Board adopts or extends a rights plan without prior stockholder approval, the Board shall, within one year, either submit the plan to a vote of the stockholders or redeem the plan or cause it to expire.

If stockholders approve the amendments to the Company s Bylaws and Restated Certificate of Incorporation discussed in this proxy statement, the Board will amend the Company s corporate governance guidelines to conform them to such amendments.

Related Party Transactions

The Company is required to disclose any transactions since the beginning of 2009 (or any currently proposed transaction) in which the Company was a participant, the amount involved exceeds $120,000 and a director or executive officer, any immediate family member of a director or

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executive officer or any person or group beneficially owning more than 5% of the Company s common stock had a direct or indirect material interest. The Company does not have any such transactions to report.

Currently the Company has not adopted a policy specifically directed at the review, approval or ratification of related party transactions required to be disclosed. However, under the Unisys Code of Ethics and Business Conduct, all employees, officers and directors are required to avoid conflicts of interest. Employees (including officers) must review with, and obtain the approval of, their immediate supervisor and the Company s Corporate Ethics Office, any situation (without regard to dollar amount) that may involve a conflict of interest. Directors should raise possible conflicts of interest with the chief executive officer or the general counsel. The code of ethics defines a conflict of interest as any relationship, arrangement, investment or situation in which loyalties are divided between Unisys interests and personal interests and specifically notes involvement (either personally or through a family member) in a business that is a competitor, supplier or customer of the Company as a particularly sensitive area that requires careful review.

Audit Committee Report

In performing its oversight responsibilities as defined in its charter, the Audit Committee has reviewed and discussed the audited financial statements and reporting process, including the system of internal controls, with management and with KPMG LLP, the Company s independent registered public accounting firm. The committee has also discussed with KPMG LLP the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the committee has received from KPMG LLP the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP s communications with the committee concerning independence and has discussed with KPMG LLP their independence. The committee has also considered the compatibility of audit-related services, tax services and other non-audit services with the firm s independence.

Based on these reviews and discussions, the committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the SEC.

Audit Committee (2009)

Henry C. Duques
Matthew J. Espe
Denise K. Fletcher
Theodore E. Martin

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Independent Registered Public Accounting Firm Fees and Services

KPMG LLP was the Company s independent registered public accounting firm for the years ended December 31, 2009 and 2008. KPMG LLP has billed the Company the following fees for professional services rendered in respect of 2009 and 2008 (in millions of dollars):

	2009	**2008**
Audit Fees	$ 8.1	$ 9.0
Audit-Related Fees	2.1	0.8
Tax Fees	1.3	1.1
All Other Fees		

Audit fees consist of fees for the audit and review of the Company s financial statements, statutory audits, comfort letters, consents, assistance with and review of documents filed with the SEC and Section 404 attestation procedures. Audit-related fees consist of fees for SAS 70 engagements, employee benefit plan audits, accounting advice regarding specific transactions and various attestation engagements. Tax fees principally represent fees for tax compliance services.

The Audit Committee annually reviews and pre-approves the services that may be provided by the independent registered public accounting firm. The committee has adopted an Audit and Non-Audit Services Pre-Approval Policy that contains a list of pre-approved services, which the committee may revise from time to time. In addition, the Audit Committee has delegated pre-approval authority, up to a fee limitation of $150,000 per service, to the chairman of the committee. The chairman of the committee reports any such pre-approval decision to the Audit Committee at its next scheduled meeting.

Relationship with Independent Registered Public Accounting Firms

On March 14, 2008, the Audit Committee dismissed Ernst & Young LLP as the Company s independent registered public accounting firm, and on March 19, 2008, the Audit Committee engaged KPMG LLP as the independent registered public accounting firm to audit the Company s financial statements for the year ended December 31, 2008.

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(Item 5)

The Audit Committee has engaged the firm of KPMG LLP as the independent registered public accounting firm to audit the Company s financial statements for the year ending December 31, 2010. The Company expects that representatives of KPMG LLP will be present at the annual meeting and will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions asked by stockholders. The Board of Directors considers KPMG LLP to be well qualified to serve as the independent registered public accounting firm for Unisys and recommends a vote for the proposal to ratify their selection.

The Board of Directors recommends a vote FOR the proposal to ratify the selection of KPMG LLP as the Company s independent registered public accounting firm for 2010.

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APPROVAL OF THE UNISYS CORPORATION 2010 LONG-TERM INCENTIVE AND EQUITY COMPENSATION PLAN (Item 6)

On February 11, 2010, the Board of Directors unanimously approved and adopted the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan (the 2010 Plan), authorized 4,000,000 shares for issuance under the plan, and directed that the plan be submitted to stockholders for approval. If it is approved by stockholders, the 2010 Plan will become effective when it is so approved.

The purposes of the 2010 Plan are to support the Company s ongoing efforts to attract, retain and develop exceptional talent and to enable the Company to provide incentives directly linked to the Company s short-term and long-term objectives and to increases in stockholder value. In addition, under the 2010 Plan, the Company will have the ability to grant performance-based compensation awards that meet the requirements of Section 162(m) of the Internal Revenue Code, thereby preserving the Company s ability to receive federal income tax deductions for the awards.

The 2010 Plan will be in addition to the Unisys Corporation 2007 Long-Term Incentive and Equity Compensation Plan (the 2007 Plan) and the Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan (the 2003 Plan). The 2007 Plan and the 2003 Plan were adopted by stockholders in 2007 and 2003, respectively, and provide for the award of stock options and stock-based awards to elected officers, outside directors, and key employees of the Company. As set forth under Equity Compensation Plan Information on page 29, 943,144 shares of the Company s common stock remained available for future issuance under the 2007 Plan and 573,873 shares of the Company s common stock remained available for future issuance under the 2003 Plan at December 31, 2009. As of February 12, 2010, after taking into account awards made in 2010, as well as the expiration, termination or forfeiture of existing awards, 178,051 shares were available for issuance under the 2007 Plan and 789,013 shares were available for issuance under the 2003 Plan.

Summary Description of the 2010 Plan

The following is a summary of the material features of the 2010 Plan. This summary is subject in all respects to the complete text of the 2010 Plan, which is attached as Appendix E.

Shares Available. Four million shares of the Company s common stock are authorized for issuance under the 2010 Plan. Under the plan, if an award is cashed out or is exercised, terminates or expires without a payment being made in the form of the Company s common stock, the shares subject to that award again become available for issuance. However, shares of the Company s common stock that are (1) tendered in payment of the exercise price of an option, (2) withheld by the Company to satisfy any tax withholding obligation with respect to an award or (3) repurchased by the Company on the open market with the proceeds of the exercise of an option, may not again be available for issuance in connection with awards under the plan. Also, if the spread value of a stock appreciation right is paid in shares of the Company s common stock, shares representing the excess, if any, of (1) the number of shares subject to the stock appreciation right over (2) the number of shares delivered in payment of the spread value may not again be available for issuance in connection with awards under the plan. The number of authorized shares will be proportionately substituted for or adjusted to reflect a merger, reorganization, consolidation, recapitalization, share exchange, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants, or other similar event. The Company anticipates that the number of authorized shares will cover awards made under the plan for at least three years.

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Eligibility. All employees, officers and non-employee directors of the Company and its subsidiaries and affiliates are eligible to receive awards under the 2010 Plan. The Compensation Committee (the Committee) of the Board of Directors has the authority to select participants and to determine the amount, type and terms of each award. In 2010, awards under the 2007 Plan and/or the 2003 Plan have been made to the 11 elected officers of the Company, the 11 non-employee directors and approximately 225 non-officer employees of the Company and its subsidiaries.

Types of Awards. The Committee may award stock options (including nonqualified options and incentive stock options), stock appreciation rights (SARs), restricted share awards, other stock-based awards and cash incentive awards.

Stock Options. A stock option represents the right to purchase a share of common stock at a predetermined exercise price. Stock options granted under the 2010 Plan may be in the form of incentive stock options (ISOs) or nonqualified stock options, as determined in the discretion of the Committee. The terms of each stock option, including the number of shares, option duration, exercise price, vesting period and any other restrictions or conditions on exercise, will be set forth in an award agreement. In no event will a stock option be exercisable later than the tenth anniversary of the date on which it was granted. Stock options may be exercised, in whole or in part, by payment in full of the exercise price in cash. In addition, if authorized by the Committee, payment in full or in part may also be made in the form of Company common stock already owned by the participant or through a broker cashless exercise program authorized by the Company. Stock options expire on the earlier of the expiration date of the stock option (as set forth in the applicable award agreement) or the participant s termination of employment (or, in the case of a non-employee director, termination of service on the Board). Under certain conditions, a stock option may be exercised after a participant s termination (e.g., retirement, death, disability, or termination, other than for cause, at or after attainment of age 55 with 5 years of service), but not later than the expiration date for the option.

Stock Appreciation Rights. A SAR represents the right to receive a payment, in cash, shares of common stock, or both (as determined by the Committee), equal to the spread value (the excess of the fair market value of common stock on the date the SAR is exercised over the grant price of the SAR). Fair market value for purposes of the 2010 Plan means, on any date, the closing sales price on the New York Stock Exchange of a share of Unisys stock on such date. The grant price of a SAR will be set forth in the applicable award agreement. Subject to the terms of the applicable award agreement, a SAR will be exercisable, in whole or in part, by giving written notice of exercise to the Company, but in no event will a SAR be exercisable later than the tenth anniversary of the date on which it was granted.

Restricted Share Awards. Restricted share awards are grants of shares of stock to a participant that are subject to forfeiture during a pre-established period if certain conditions (e.g., continued employment or attainment of pre-determined performance goals) are not met. The terms of a participant s restricted share award are determined by the Committee and are set forth in an award agreement. Restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered while the shares are subject to forfeiture. A participant generally will have all the rights of a holder of common stock, including the rights to receive any dividends and to vote, during the restricted period. Any dividends with respect to restricted stock that are payable in common stock will be paid in the form of restricted stock.

Other Stock-Based Awards. Other stock-based awards are awards, other than stock options, SARs or restricted stock, that are denominated or valued in whole or in part by

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reference to, or otherwise based on or related to, the value of common stock. The purchase, exercise, exchange or conversion of other stock-based awards will be on such terms and conditions and by such methods as will be specified by the Committee and will be set forth in an award agreement.

Incentive Awards. Incentive Awards are performance-based awards that are expressed in U.S. currency, but that may be payable in the form of cash, stock or a combination of both, and are payable upon the satisfaction of pre-determined performance goals over performance periods. Incentive awards may be either annual incentive awards (that measure performance over a period of one year or less) or long-term incentive awards (that measure performance over a period in excess of one year). The terms of a participant s incentive award will be established by the Committee and will be set forth in an award agreement. The 2010 Plan specifically provides that dividends or dividend equivalents may not be granted with respect to stock options or SARs.

Awards Granted at Fair Market Value. The exercise price of a stock option and the grant price of a SAR may not be less than 100% of the fair market value of a share of Unisys common stock on the date of grant. In addition, if the value of another stock-based award is based on spread value, the grant price for the other stock-based award may not be less than 100% of the fair market value on the date of grant. The only exception is for awards made in substitution for similar awards made to a participant under a predecessor company plan that has been assumed by the Company as a result of a reorganization, merger, consolidation or other similar transaction.

Minimum Vesting Period for Awards. Except in the case of a new-hire award or under such other circumstances deemed appropriate by the Committee, no stock option, SAR, restricted stock or other stock-based award will be granted with a vesting period of less than one year.

Stock Option Repricing or Buyout. Except for automatic adjustments to reflect a merger, reorganization, consolidation, recapitalization, share exchange, stock dividend, stock split, reverse stock split, split-up, spin-off, issuance of rights or warrants, or other similar event, stock options may not be repriced (whether through modification of the exercise price of options after the date of grant or through an option exchange program) without the approval of the Company s stockholders. Similarly, without the stockholders approval, there cannot be a cash buyout of options if the fair market value of the Company s stock is less than the exercise price of the options.

Award Limitations. The total number of restricted shares and other shares of stock underlying stock options, SARs, and other stock-based awards awarded to any participant during any year may not exceed (1) 600,000 shares multiplied by (2) the number of calendar years during which the participant has been eligible to participate in the 2010 Plan, and reduced by (3) the number of shares with respect to which the participant has received awards of restricted shares, stock options, SARs and/or other stock-based awards under the 2010 Plan. An annual incentive award paid to a participant may not exceed $5,000,000. A long-term incentive award paid to a participant may not exceed $3,000,000 times the number of years in the performance cycle applicable to the award.

Performance-Based Awards. Any award granted under the 2010 Plan may be conditioned on the attainment of one or more performance goals over a specified performance cycle. If the Committee intends that an award made to a covered employee (generally the chief executive officer and the three most highly compensated executive officers other than the principal financial officer) will constitute performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code, then the performance goals will be based on one or more of the following criteria: earnings per share; total stockholder return; operating income; net income; cash flow; free cash flow; return on equity; return on capital; revenue growth; earnings before interest, taxes, depreciation and amortization (EBITDA); stock price; debt-to-capital ratio; stockholders equity per share; operating income as a percent of revenue; gross profit as a percent of revenue; selling, general and administrative expenses as a percent of revenue; operating cash flow; pre-tax profit; orders; revenue; and customer value. The Committee may determine at the beginning of any performance cycle to adjust the performance goals for that cycle to include or exclude specified components or other specified items, for example to reflect changes in accounting principles or tax rates, the effects of an acquisition or disposition or other changes, as described in the 2010 Plan. The performance goals may relate to results obtained by the individual, the Company, a subsidiary, or any business unit, division or geographic region thereof.

Change in Control. In the event of a change in control , if a participant s employment is terminated within two years following the change in control, either involuntarily by the Company without cause or by the participant for good reason (each as defined in the 2010 Plan), certain changes apply to the participant s awards.

For any participant whose employment is terminated under these conditions within two years after a change in control, all his or her outstanding stock options and SARs will become fully vested and immediately exercisable. In addition, all restrictions applicable to his or her outstanding restricted stock and other stock-based awards that are not performance-related will lapse, and his or her outstanding incentive awards and other stock-based awards that are performance-related will become vested and will be paid out based on the targeted award opportunity of such awards for the full performance cycle. The incentive awards and other stock-based awards will generally be paid at the time the participant terminates employment; however, for certain participants, in certain circumstances, payment will be delayed for six months after his or her termination of employment.

Plan Administration. The 2010 Plan will be administered by the Committee, which will have the power to interpret the plan and to adopt such rules and guidelines for carrying out the plan as it may deem appropriate. The Committee will have the authority to adopt such modifications, procedures and subplans as may be necessary or desirable to comply with the laws, regulations, compensation practices and tax and accounting principles of the countries in which the Company or a subsidiary may operate to assure the viability of the benefits of awards made to individuals employed in such countries and to meet the objectives of the plan. Subject to the terms of the plan, the Committee will have the authority to determine those individuals eligible to receive awards and the amount, type and terms of each award and to establish and administer any performance goals applicable to such awards. The Committee may delegate its authority and power under the plan in whole or in part to a subcommittee consisting of two or more non-employee directors (who are outside directors within the meaning of Section 162(m) of the Internal Revenue Code) or, with respect to determinations and decisions regarding participants who are not elected officers or non-employee directors, to one or more officers of the Company, subject to guidelines prescribed by the Committee.

Amendment and Termination. The Board may amend, suspend or terminate the 2010 Plan at any time, provided that no such amendment will be made without stockholder approval if such approval is required under applicable law or if such amendment would increase the total number of shares of common stock that may be distributed under the plan. Except as set forth in any award agreement, no amendment or termination of the plan may materially and adversely affect any outstanding award under the plan without the award recipient s consent. No award may be granted under the 2010 Plan after April 28, 2020.

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New Plan Benefits.

Because benefits under the 2010 Plan will depend on the discretion of the Committee and the fair market value of the Company s common stock at various future dates, it is not possible to determine the benefits that will be received if the 2010 Plan is approved by stockholders. The table below shows grants under the 2007 Plan and/or the 2003 Plan for the year ended December 31, 2009 received by or allocated to the executive officers named on page 41, all elected officers as a group, all non-employee directors as a group and all other employees as a group.

Name and Position	**Dollar Value ($) (1)**	**Number of Units (2)**
J. Edward Coleman Chairman of the Board and Chief Executive Officer	908,882	210,000(3)
Janet B. Haugen Senior Vice President and Chief Financial Officer	161,662	57,500(4)
Edward C. Davies Senior Vice President; President, Federal Systems	161,662	57,500(4)
Dominick Cavuoto Senior Vice President; President, Worldwide Consulting & Integration Services; President, Worldwide Strategic Services	161,662	57,500(4)
Richard C. Marcello Senior Vice President; President, Technology Consulting and Integration Solutions	161,662	57,500(4)
Executive Group	1,999,313	615,000(5)
Non-Executive Director Group	403,890	63,108(6)
Non-Executive Officer Employee Group	1,843,176	634,215(4)

(1) Amount shown is grant date fair value.

(2) Number of units reflects the Reverse Stock Split.

(3) Consists of 90,000 performance-based restricted stock units (RSUs) and 120,000 stock options. For more information, see the discussion on page 42.

(4) Consists of stock options. For more information, see the discussion on page 42.

(5) Consists of 90,000 performance-based RSUs and 525,500 stock options.

(6) Consists of time-based RSUs.

U.S. Federal Income Tax Consequences.

The following is a brief description of the principal U.S. federal income tax consequences, based on current law, of awards under the 2010 Plan.

Tax Consequences to Participants. Generally, when a participant receives an award under the 2010 Plan, the participant s receipt of cash or Company stock in settlement of the award is conditioned on the participant s performing future services for the Company and/or the attainment of performance goals. The award, therefore, is not taxable at grant. Instead, when and if a participant later receives cash in settlement of the award, he or she will have income, taxable at ordinary income rates, equal to the amount of cash received. Similarly, when and if a participant receives Company stock in settlement of an award, he or she will, subject to special rules described below, have income, taxable at ordinary income rates, equal to the excess of the fair market value of the stock on that date over the amount, if any, the participant paid for the stock.

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Thus, participants generally will be taxable on any cash or the fair market value of any stock received in settlement of an incentive award or other stock-based award or upon exercise of a SAR. Similarly, participants will have taxable income on exercise of a nonqualified stock option equal to the difference between the fair market value of the stock subject to the option and the exercise price of the option.

Special rules apply in the case of an ISO. Participants generally recognize no taxable income on exercise of an ISO. Instead, they have gain, taxable at capital gains rates, upon the disposition of the stock acquired on exercise of the ISO in an amount equal to the excess of the amount realized on disposition of the stock over the exercise price of the ISO. (In some cases, participants may become subject to tax as the result of the exercise of an ISO, because the excess of the fair market value of the stock at exercise over the exercise price is an adjustment item for alternative minimum tax purposes.) The special tax treatment afforded to ISOs is only available, however, if the participant does not dispose of the stock acquired upon exercise of the ISO before the first anniversary of the date on which he or she exercised the ISO or, if later, the second anniversary of the date on which the ISO was granted. If the participant disposes of stock before the expiration of this holding period, a disqualifying disposition occurs and the participant will recognize income, taxable at ordinary income rates, in the year of the disqualifying disposition. The amount of this income will generally be equal to the excess, if any, of the lesser of (i) the fair market value of the stock on the date of exercise and (ii) the amount realized upon disposition of the stock over the exercise price paid for the stock. If the amount realized upon a disqualifying disposition is greater than the fair market value of the stock on the date of exercise, the difference will be taxable to the employee as capital gain.

Special rules also apply to awards of restricted shares. A participant generally will not recognize taxable ordinary income when he or she receives restricted shares. Instead, the participant will have taxable income in the first year in which the shares cease to be subject to a substantial risk of forfeiture, generally when all applicable restrictions lapse. The participant will then have taxable income equal to the fair market value of the stock at that time over the amount, if any, the participant paid for the stock. The participant may, however, make an election to include in income, when the restricted stock is first transferred to him or her, an amount equal to the excess of the fair market value of the stock at that time over the amount, if any, paid for the stock. The result of this election is that appreciation in the value of the stock after the date of transfer is then taxable as capital gain, rather than as ordinary income.

Awards granted under the plan that are considered to be deferred compensation must satisfy the requirements of Section 409A of the Internal Revenue Code to avoid adverse tax consequences to participants. These requirements include limitations on timing of payments or acceleration of payments. The Company intends to structure any awards under the 2010 Plan to meet the applicable tax law requirements.

Tax Consequences to the Company. Generally, any time a participant recognizes taxable income, as opposed to capital gain, as the result of the settlement of any award under the 2010 Plan, the Company will be entitled to a deduction equal to the amount of income recognized by the participant.

Other Tax Considerations. Internal Revenue Code Section 162(m) places a $1,000,000 annual limit on the compensation deductible by the Company paid to covered employees (as described above). The limit, however, does not apply to qualified performance-based compensation. The Company believes that awards of stock options, SARs and other awards payable upon the attainment of performance goals under the 2010 Plan will qualify as qualified

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performance-based compensation. Also, awards that are granted, accelerated, or enhanced upon the occurrence of a change in control may give rise, in whole or in part, to excess parachute payments within the meaning of Internal Revenue Code Section 280G and, to such extent, will be non-deductible by the Company and subject to a 20% excise tax on the participant.

State and local tax consequences may in some cases differ from the federal tax consequences. In addition, awards under the 2010 Plan may be made to participants who are subject to tax in jurisdictions other than the United States and may result in consequences different from those described above.

The foregoing summary of the income tax consequences in respect of the 2010 Plan is for general information only. Interested parties should consult their own advisors as to specific tax consequences, including the application and effect of foreign, state, and local tax laws.

The Board of Directors recommends a vote FOR approval of the Unisys Corporation 2010 Long-Term Incentive and Equity Compensation Plan.

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