

UNISYS CORP
Form DEF 14A
March 16, 2011

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

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Unisys Corporation

(Name of Registrant as Specified In Its Charter)

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Unisys Corporation
801 Lakeview Drive, Suite 100
Blue Bell, PA 19422

March 16, 2011

Dear Fellow Stockholder:

It is my pleasure to invite you to the Unisys 2011 Annual Meeting of Stockholders. This year's meeting will be held on Wednesday, April 27, 2011, 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.

Our financial results in 2010 reflect the progress we have made toward creating a more focused, competitive Unisys. For the second consecutive year, we increased our operating profit, growing operating income by 14% on lower revenue. We improved our full-year operating profit margin to 9.3%, and were within our targeted 8-10% operating margin range in our services business in the last two quarters of the year. We made further progress in generating cash and strengthening our balance sheet, ending 2010 with more cash than debt. We also divested a number of non-core businesses and tightened our geographic footprint. We are focused on continuing our progress in 2011.

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 2010 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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 27, 2011

Unisys Corporation will hold its 2011 Annual Meeting of Stockholders at the Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania, on Wednesday, April 27, 2011, at 9:30 a.m., local time, to:

1. elect eight directors;
2. ratify the selection of the Company's independent registered public accounting firm for 2011;
3. approve an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's common stock from 72,000,000 to 100,000,000;
4. hold an advisory vote on executive compensation;
5. hold an advisory vote on the frequency of holding an advisory vote on executive compensation; and
6. transact any other business properly brought before the meeting.

Only record holders of Unisys common stock at the close of business on February 28, 2011 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 16, 2011

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on April 27, 2011:

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 27, 2011

The Board of Directors of Unisys Corporation solicits your proxy for use at the 2011 Annual Meeting of Stockholders to be held on April 27, 2011 and at any adjournments or postponements thereof. At the annual meeting, stockholders will be asked to (1) elect directors, (2) ratify the selection of the Company's independent registered public accounting firm, (3) approve an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's common stock from 72,000,000 to 100,000,000; (4) approve, on an advisory basis, the compensation of the Company's named executive officers, (5) vote, on an advisory basis, on the frequency with which the Company should hold an advisory vote on executive compensation and (6) transact any other business properly brought before the meeting.

The record date for the annual meeting is February 28, 2011. 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, 42,975,871 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 2010, are being sent or given to stockholders on or about March 16, 2011.

Internet Availability of Proxy Materials; Multiple Sets 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.

If you hold shares of Unisys common stock in more than one account, you may receive more than one Notice or more than one set of proxy materials. Please be sure to vote all the shares that you own.

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 you are the beneficial owner of shares held in street name by a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record if you wish to vote in person at the meeting.

If you are a stockholder of record and you properly complete, sign and return your proxy, and do not revoke it, the proxy holders will vote your shares in accordance with your instructions. If your signed and returned proxy gives no instructions, the proxy holders will vote your shares (1) FOR the election of directors, (2) FOR the ratification of the selection of independent registered public accounting firm, (3) FOR the proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of common stock, (4) FOR the approval, on an advisory basis, of the compensation of the Company's named executive officers, (5) for the approval, on an advisory basis, of an advisory vote on executive compensation EVERY YEAR and (6) in their discretion on any other matters that properly come before the annual meeting.

If you are a beneficial owner of shares held in street name and you do not provide specific voting instructions to the organization that holds your shares, the organization will be prohibited under the current rules of the New York Stock Exchange (the NYSE) from voting your shares on non-routine matters. This is commonly referred to as a broker non-vote. The election of directors, the resolution regarding the compensation of the Company's named executive officers and the vote regarding the frequency of advisory votes on executive compensation are considered non-routine matters and therefore may not be voted on by your bank or broker absent specific instructions from you. The ratification of the selection of independent registered public accounting firm and the proposal to amend the Company's Restated Certificate of Incorporation are considered routine and therefore may be voted on by your bank or broker without instructions from you. Please instruct your bank or broker so your vote can be counted.

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 February 28, 2011. The trustee will vote those shares in accordance with your instructions if it receives your completed proxy by April 25, 2011. 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.

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.

Election of Directors (Item 1). 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 his or her election exceeds 50% of the total number of votes cast with respect to that nominee's

election. Votes cast with respect to the election of directors include votes to **Withhold** authority but do not include abstentions and broker non-votes.

Independent Registered Public Accounting Firm (Item 2); Advisory Vote on Executive Compensation (Item 4). The proposal to ratify the selection of the Company's independent registered public accounting firm and the advisory resolution to approve executive compensation will each be approved if it receives the affirmative vote of a majority of 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.

Amendment to Restated Certificate of Incorporation (Item 3). The proposal to amend the Company's Restated Certificate of Incorporation to increase the number of authorized shares of the Company's common stock will require the affirmative vote of a majority of the outstanding shares of common stock entitled to vote. Any shares not voted (whether by abstention, broker non-vote or otherwise) will have the same effect as a vote **Against** the proposal.

Advisory Vote on Frequency of Advisory Vote on Executive Compensation (Item 5). Stockholders will have the option of selecting a frequency of every year, every two years or every three years for the advisory vote on executive compensation. The Company will consider the alternative receiving the greatest number of votes as the frequency that stockholders approve. Abstentions and broker non-votes will therefore have no effect on the vote.

The advisory votes on executive compensation (Item 4) and on the frequency of the advisory vote on executive compensation (Item 5) are not binding on the Company. However, the Company will review and consider the results of these advisory votes when making future executive compensation decisions and when making determinations as to when the Company will again submit the advisory vote on executive compensation to stockholders for approval.

ELECTION OF DIRECTORS (Item 1)

The Board of Directors currently consists of nine members, each of whose term expires at the annual meeting. J.P. Bolduc will retire from the Board at the annual meeting because he has attained the mandatory retirement age of 70. Each of the remaining eight directors has been nominated for reelection for a term expiring at the 2012 annual meeting. 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

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

J. EDWARD COLEMAN

Mr. Coleman, 59, 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 2004. Prior to that, he held various leadership and executive positions at Computer Sciences Corporation and IBM Corporation. Mr. Coleman currently serves as a director of Lexmark International, Inc. 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 has resulted in significantly improved profitability and cash flow. 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.

JAMES J. DUDERSTADT

Dr. Duderstadt, 68, 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.

HENRY C. DUQUES

Mr. Duques, 67, 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 and the Compensation 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.

MATTHEW J. ESPE

Mr. Espe, 52, is a director and Chief Executive Officer and President of Armstrong World Industries, Inc., a worldwide designer and manufacturer of floors, ceilings and cabinets. Prior to joining Armstrong World Industries, Mr. Espe was a director and Chairman and Chief Executive Officer of Ricoh Americas Corporation, a subsidiary of Ricoh Co. Ltd., from April to July 2010 and a director and Chairman and Chief Executive Officer of IKON Office Solutions, Inc. from 2002 until April 2010. IKON was acquired by Ricoh in 2008. Prior to joining IKON, Mr. Espe had been with General Electric Company since 1980, most recently serving as President and Chief Executive Officer of GE Lighting. Mr. Espe served as a director of Graphic Packaging Holding Company from 2009 until July 2010. He has served as a director of Unisys since 2004 and is a member of the Audit Committee and the Finance Committee.

With his experience as the chief executive officer of Armstrong World Industries, Ricoh Americas and IKON and as a senior executive at General Electric, Mr. Espe brings management experience, leadership capabilities, financial knowledge and business acumen to our Board. At IKON, he oversaw 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.

DENISE K. FLETCHER

Ms. Fletcher, 62, 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. Before joining MasterCard, she served as Chief Financial Officer of Bowne Inc., a global document management and information services provider. 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 and Bowne 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.

LESLIE F. KENNE

Ms. Kenne, 63, 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 and Oshkosh 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.

CHARLES B. MCQUADE

Mr. McQuade, 69, 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 chairman of the Compensation Committee and a member of 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.

PAUL E. WEAVER

Mr. Weaver, 65, 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 chairman of the Audit Committee and a member of the Compensation 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 and Compensation Committees. In addition, his service on other boards and committees, including as chairman of the audit committees of AMN Healthcare and WellCare Health Plans, and as a member of the compensation committee of WellCare, gives him valuable knowledge and perspective.

Board Meetings; Attendance at Annual Meetings

The Board of Directors held six meetings in 2010. During 2010, 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 current directors attended the 2010 annual meeting.

Independence of Directors

All of the Company's directors other than Mr. Coleman meet the independence requirements prescribed by the 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 2010. In particular, one of the Company's non-employee directors, Mr. Espe, served during 2010 as chief executive officer of companies that did business with Unisys in the ordinary course. Combined Unisys sales to and purchases from each of those companies in 2010 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 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 seven meetings in 2010. Its members are Mr. Duques, Mr. Espe, Ms. Fletcher and Mr. Weaver (chair). The Board has determined that each of Mr. Duques, Mr. Espe, Ms. Fletcher 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. Under its charter, the Compensation Committee also annually reviews management's assessment of risk as it relates to the Company's compensation arrangements. 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 2010, the outside compensation consultant engaged by the Compensation Committee was Pearl Meyer & Partners. During 2010, Pearl Meyer & Partners and its affiliates did not provide any additional services to the Company or its affiliates. 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 seven meetings in 2010. Its members are Dr. Duderstadt, Mr. Duques, Mr. McQuade (chair) and Mr. Weaver.

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 five meetings in 2010. Its members are Mr. Bolduc (chair), Mr. Espe and Mr. McQuade.

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 six meetings in 2010. Its members are Dr. Duderstadt (chair), Ms. Fletcher and Ms. Kenne.

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, expertise, strength of character, mature judgment, leadership ability, 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. 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, 801 Lakeview Drive, Suite 100, Blue Bell, Pennsylvania 19422.

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 annual nominating process. Specific information on the qualifications of each of the Company's directors is included above in Item 1.

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, 801 Lakeview Drive, Suite 100, Blue Bell, Pennsylvania 19422. 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 and operating plans, which address, 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. As part of its responsibilities as set forth in its charter, the Compensation Committee annually reviews management's assessment of risk as it relates to the Company's compensation arrangements. 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.

Risk Assessment of Compensation Policies and Practices

The Company has conducted an internal risk assessment of its employee compensation policies and practices, including those relating to its non-executive officers, and has concluded that these compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on it. In performing its assessment, the Company inventoried all of its compensation plans, with particular emphasis on incentive compensation plans, and assessed the risks, including financial and operational risks, of those plans. This assessment included an evaluation of the plans' structure and philosophy, design characteristics and performance measurement features, including (a) compensation mix, (b) performance metrics and the relationship between those metrics and the Company's business strategy and the creation of long-term stockholder value, (c) whether caps and thresholds exist, (d) length of performance and vesting periods and (e) the existence of risk mitigating factors such as stock ownership guidelines. The Compensation Committee has reviewed this assessment.

Compensation of Directors

In 2010, 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 11, 2010 each non-employee director received a grant of 3,786 restricted stock units that vested 100% on the date of grant.

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 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. Beginning in 2011, directors also have the right to defer receipt of restricted stock units. 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 2010.

Name	Fees	Stock Awards (\$) (2),(3)	Option Awards (\$) (4)	Non-Equity Plan Compensation (\$) (5)	Change in Pension Value and Nonqualified Deferred Earnings	All Other Compensation (\$) (6)	Total (\$) (7)
	Earned or Paid in Cash (\$) (1)						
J.P. Bolduc Chairman, Finance Committee	65,000	130,011					195,011
James J. Duderstadt	66,500	130,011					196,511