

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2004

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-8729

UNISYS CORPORATION  
 (Exact name of registrant as specified in its charter)

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

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

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

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

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

Number of shares of Common Stock outstanding as of March 31, 2004: 333,315,970.

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Part I - FINANCIAL INFORMATION  
 Item 1. Financial Statements.

UNISYS CORPORATION  
 CONSOLIDATED BALANCE SHEETS  
 (Millions)

	March 31, 2004 (Unaudited)	December 31, 2003
	-----	-----
Assets		
- - - - -		
Current assets		
Cash and cash equivalents	\$ 671.4	\$ 635.9
Accounts and notes receivable, net	1,002.6	1,027.8
Inventories:		
Parts and finished equipment	119.1	121.7
Work in process and materials	138.7	116.9
Deferred income taxes	271.4	270.0
Other current assets	111.9	85.7
	-----	-----
Total	2,315.1	2,258.0
	-----	-----
Properties	1,342.9	1,352.7
Less-Accumulated depreciation and amortization	914.6	928.5
	-----	-----
Properties, net	428.3	424.2

Outsourcing assets, net	522.9	477.5
Marketable software, net	332.0	332.2
Investments at equity	167.6	153.3
Prepaid pension cost	50.3	55.5
Deferred income taxes	1,384.6	1,384.6
Goodwill	176.7	177.5
Other long-term assets	195.9	211.8
	-----	-----
Total	\$5,573.4	\$5,474.6
	=====	=====
Liabilities and stockholders' equity		
-----		
Current liabilities		
Notes payable	\$ 28.3	\$ 17.7
Current maturities of long-term debt	150.8	2.2
Accounts payable	522.3	513.8
Other accrued liabilities	1,311.5	1,305.7
Income taxes payable	206.1	214.1
	-----	-----
Total	2,219.0	2,053.5
	-----	-----
Long-term debt	899.8	1,048.3
Accrued pension liabilities	446.9	433.6
Other long-term liabilities	543.9	544.0
Stockholders' equity		
Common stock, shares issued: 2004, 335.3;		
2003, 333.8	3.4	3.3
Accumulated deficit	( 385.9)	( 414.8)
Other capital	3,836.5	3,818.6
Accumulated other comprehensive loss	(1,990.2)	(2,011.9)
	-----	-----
Stockholders' equity	1,463.8	1,395.2
	-----	-----
Total	\$5,573.4	\$5,474.6
	=====	=====

See notes to consolidated financial statements.

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

	Three Months Ended March 31	
	2004	2003
	-----	-----
Revenue		
Services	\$1,165.0	\$1,107.0
Technology	297.9	291.9
	-----	-----
	1,462.9	1,398.9
Costs and expenses		
Cost of revenue:		
Services	925.7	882.5
Technology	145.7	129.3
	-----	-----
	1,071.4	1,011.8
Selling, general and administrative	261.2	243.7
Research and development	71.5	66.8
	-----	-----
	1,404.1	1,322.3
	-----	-----
Operating income	58.8	76.6
Interest expense	17.0	15.7
Other income (expense), net	.6	(3.4)
	-----	-----
Income before income taxes	42.4	57.5
Provision for income taxes	13.5	19.0
	-----	-----
Net income	\$ 28.9	\$ 38.5
	=====	=====
Earnings per share		
Basic	\$ .09	\$ .12
	=====	=====
Diluted	\$ .09	\$ .12
	=====	=====

See notes to consolidated financial statements.

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

	Three Months Ended March 31	
	2004	2003
Cash flows from operating activities		
Net income	\$ 28.9	\$ 38.5
Add(deduct) items to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization of properties and outsourcing assets	60.1	50.0
Amortization of marketable software	29.3	29.7
(Increase) in deferred income taxes, net	( 1.4)	( 1.0)
Decrease in receivables, net	54.2	91.9
(Increase) decrease in inventories	( 19.1)	2.6
Increase (decrease) in accounts payable and other accrued liabilities	8.2	(270.1)
(Decrease) increase in income taxes payable	( 8.0)	6.1
Increase in other liabilities		6.8
(Increase) in other assets	( 40.3)	( 20.3)
Other	3.9	.9
	-----	-----
Net cash provided by (used for) operating activities	115.8	( 64.9)
	-----	-----
Cash flows from investing activities		
Proceeds from investments	1,408.3	1,279.1
Purchases of investments	(1,413.7)	(1,292.7)
Investment in marketable software	( 29.0)	( 40.0)
Capital additions of properties and outsourcing assets	( 70.7)	( 49.4)
Purchases of businesses		( .8)
	-----	-----
Net cash used for investing activities	( 105.1)	( 103.8)
	-----	-----
Cash flows from financing activities		
Net proceeds from short-term borrowings	10.6	1.3
Proceeds from employee stock plans	11.1	6.3
Payments of long-term debt	( 1.0)	( 2.4)
Proceeds from issuance of long-term debt		293.3
	-----	-----
Net cash provided by financing activities	20.7	298.5
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	4.1	1.5
	-----	-----
Increase in cash and cash equivalents	35.5	131.3
Cash and cash equivalents, beginning of period	635.9	301.8
	-----	-----
Cash and cash equivalents, end of period	\$ 671.4	\$ 433.1
	=====	=====

See notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- a. The following table shows how earnings per share were computed for the three months ended March 31, 2004 and 2003 (dollars in millions, shares in thousands):

	Three Months Ended March 31,	
	2004	2003
Basic Earnings Per Share		
Net income	\$ 28.9	\$ 38.5
Weighted average shares	332,722	327,208
Basic earnings per share	\$ .09	\$ .12
Diluted Earnings Per Share		
Net income	\$ 28.9	\$ 38.5
Weighted average shares	332,722	327,208
Plus incremental shares from assumed conversions of employee stock plans	5,326	1,616
Adjusted weighted average shares	338,048	328,824
Diluted earnings per share	\$ .09	\$ .12

During the three months ended March 31, 2004, 21.9 million shares related to employee stock plans were not included in the computation of diluted earnings per share because the option prices are above the average market price of the company's common stock.

- b. The company has two business segments: Services and Technology. Revenue classifications by segment are as follows: Services - consulting and systems integration, outsourcing, infrastructure services and core maintenance; Technology - enterprise-class servers and specialized technologies. The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profits on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended March 31, 2004 and 2003 was \$1.4 million and \$3.1 million, respectively. The profit on these transactions is eliminated in Corporate.

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

A summary of the company's operations by business segment for the three-month periods ended March 31, 2004 and 2003 is presented below (in millions of dollars):

	Total	Corporate	Services	Technology
Three Months Ended March 31, 2004	-----	-----	-----	-----
Customer revenue	\$1,462.9		\$1,165.0	\$297.9
Intersegment		\$( 45.7)	4.8	40.9
Total revenue	\$1,462.9	\$( 45.7)	\$1,169.8	\$338.8
Operating income	\$ 58.8	\$ .4	\$ 29.2	\$ 29.2
Three Months Ended March 31, 2003	-----	-----	-----	-----
Customer revenue	\$1,398.9		\$1,107.0	\$291.9
Intersegment		\$( 70.0)	5.6	64.4
Total revenue	\$1,398.9	\$( 70.0)	\$1,112.6	\$356.3
Operating income	\$ 76.6	\$ 2.6	\$ 34.4	\$ 39.6

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

	Three Months Ended March 31	
	2004	2003
	-----	-----
Total segment operating income	\$ 58.4	\$ 74.0
Interest expense	(17.0)	(15.7)
Other income (expense), net	.6	( 3.4)
Corporate and eliminations	.4	2.6
Total income before income taxes	\$ 42.4	\$ 57.5

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

	Three Months Ended March 31	
	2004	2003
	-----	-----
Services		
Consulting and systems integration	\$ 377.1	\$ 356.4
Outsourcing	443.0	409.3
Infrastructure services	199.5	200.8
Core maintenance	145.4	140.5
	1,165.0	1,107.0
Technology		
Enterprise-class servers	201.8	217.8
Specialized technologies	96.1	74.1
	297.9	291.9
Total	\$1,462.9	\$1,398.9

- c. Comprehensive income for the three months ended March 31, 2004 and 2003 includes the following components (in millions of dollars):

	2004	2003
	-----	-----
Net income	\$ 28.9	\$ 38.5
Other comprehensive income (loss)		
Cash flow hedges		
Income (loss), net of tax of \$(1.0) and \$-	(1.6)	( .1)
Reclassification adjustments, net of tax		
of \$1.7 and \$1.0	3.1	2.1
Foreign currency translation adjustments	20.2	(7.7)
	-----	-----
Total other comprehensive income	21.7	(5.7)
	-----	-----
Comprehensive income	\$ 50.6	\$ 32.8
	=====	=====

Accumulated other comprehensive income (loss) as of December 31, 2003 and March 31, 2004 is as follows (in millions of dollars):

	Total	Translation Adjustments	Cash Flow Hedges	Minimum Pension Liability
	-----	-----	-----	-----
Balance at December 31, 2002	\$(2,236.9)	\$(745.0)	\$( 1.5)	\$(1,490.4)
Change during period	225.0	65.3	( 5.1)	164.8
	-----	-----	-----	-----
Balance at December 31, 2003	(2,011.9)	(679.7)	( 6.6)	(1,325.6)
Change during period	21.7	20.2	1.5	
	-----	-----	-----	-----
Balance at March 31, 2004	\$(1,990.2)	\$(659.5)	\$( 5.1)	\$(1,325.6)
	=====	=====	=====	=====

- d. The amount credited to stockholders' equity for the income tax benefit related to the company's stock plans for the three months ended March 31, 2004 and 2003 was \$1.6 million and \$1.3 million, respectively. The company expects to realize these tax benefits on future Federal income tax returns.
- e. For equipment manufactured by the company, the company warrants that it will substantially conform to relevant published specifications for 12 months after shipment to the customer. The company will repair or replace, at its option and expense, items of equipment that do not meet this warranty. For company software, the company warrants that it will conform substantially to then-current published functional specifications for 90 days from customer's receipt. The company will provide a workaround or correction for material errors in its software that prevents its use in a production environment.

The company estimates the costs that may be incurred under its warranties and records a liability in the amount of such costs at the time revenue is recognized. Factors that affect the company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and cost per claim. The company quarterly assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. Presented below is a reconciliation of the aggregate product warranty liability (in millions of dollars):

	Three Months Ended March 31,	
	-----	-----
	2004	2003
	-----	-----
Balance at December 31	\$20.8	\$19.2
Accruals for warranties issued during the period	5.0	4.9
Settlements made during the period	(4.7)	(4.7)
Changes in liability for pre-existing warranties during the period, including expirations	(3.2)	( .1)
	-----	-----
Balance at March 31	\$17.9	\$19.3
	=====	=====

- f. The company applies the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock-based employee compensation plans. For stock options, no compensation expense is reflected in net income as all stock options granted had an exercise price equal to or greater than the market value of the underlying common stock on the date of grant. In addition, no compensation expense is recognized for common stock purchases under the Employee Stock Purchase Plan. Pro forma information regarding net income and earnings per share is required by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," and has been determined as if the company had accounted for its stock plans under the fair value method of SFAS No. 123. For purposes of the pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123 (in millions of dollars):

	Three Months Ended March 31,	
	2004	2003
Net income as reported	\$ 28.9	\$ 38.5
Deduct total stock-based employee compensation expense determined under fair value method for all awards, net of tax	(10.0)	(14.5)
Pro forma net income	\$ 18.9	\$ 24.0
Earnings per share		
Basic - as reported	\$ .09	\$ .12
Basic - pro forma	\$ .06	\$ .07
Diluted - as reported	\$ .09	\$ .12
Diluted - pro forma	\$ .06	\$ .07

- g. Net periodic pension expense (income) for the three months ended March 31, 2004 and 2003 is presented below (in millions of dollars):

	Three Months Ended March 31, 2004			Three Months Ended March 31, 2003		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	\$ 29.3	\$ 17.1	\$ 12.2	\$ 25.2	\$ 15.9	\$ 9.3
Interest cost	89.5	65.6	23.9	86.7	67.0	19.7
Expected return on plan assets	(123.5)	(94.8)	(28.7)	(125.4)	(100.8)	(24.6)
Amortization of prior service (benefit) cost	( 1.4)	( 1.9)	.5	( 2.8)	( 3.0)	.2
Recognized net actuarial loss (gain)	28.3	22.2	6.1	8.9	5.5	3.4
Settlement/curtailment (gain) loss				1.0		1.0
Net periodic pension expense (income)	\$22.2	\$ 8.2	\$ 14.0	\$( 6.4)	\$( 15.4)	\$ 9.0

The company currently expects to make cash contributions of approximately \$70 million to its worldwide defined benefit pension plans in 2004 compared with \$62.5 million in 2003. For the three months ended March 31, 2004 and 2003, \$12.0 million and \$7.8 million, respectively of cash contributions have been made. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to fund its U.S. qualified defined benefit pension plan in 2004.



Net periodic postretirement benefit expense for the three months ended March 31, 2004 and 2003 is presented below (in millions of dollars):

	Three Months Ended March 31,	
	2004	2003
Interest cost	\$3.5	\$3.6
Amortization of prior service benefit	(.5)	(.5)
Recognized net actuarial loss	1.0	.7
Net periodic postretirement benefit expense	\$4.0	\$3.8

The company expects to make cash contributions of approximately \$25 million to its postretirement benefit plan in 2004. For the three months ended March 31, 2004, \$6 million of cash contributions have been made.

- h. Substantially all of the company's investments at equity consist of Nihon Unisys, Ltd., a publicly traded Japanese company ("NUL"). NUL is the exclusive supplier of the company's hardware and software products in Japan. The company owns approximately 28% of NUL's outstanding common stock. Prior to January 1, 2004, the company's share of NUL's earnings or losses were recorded semiannually in the second quarter and fourth quarter on a quarter-lag basis since NUL's quarterly financial results were not available. Due to recent regulatory changes in Japan, NUL is required to publish its earnings quarterly. Accordingly, effective January 1, 2004, the company has begun to record its equity earnings in NUL quarterly on a quarter-lag basis, and recorded equity income of \$5.2 million for the three months ended March 31, 2004.
- i. Cash paid during the three months ended March 31, 2004 and 2003 for income taxes was \$18.4 million and \$15.6 million, respectively.

Cash paid during the three months ended March 31, 2004 and 2003 for interest was \$16.1 million and \$8.8 million, respectively.

- j. In November 2003, the company purchased KPMG's Belgian consulting business for approximately \$3.3 million of cash plus assumed liabilities. The preliminary purchase price allocation was completed in December 2003 and assumed that the excess of the purchase price over the assets acquired and liabilities assumed was allocated to goodwill. An outside appraisal company completed their appraisal during the March 2004 quarter. Approximately \$1.5 million of amortizable intangibles (principally customer relationships) were identified and recorded. The intangible assets have a weighted average life of approximately 5.5 years.
- k. In January 2003, the Financial Accounting Standards Board ("FASB") issued interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of ARB 51." The primary objectives of this interpretation are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights ("variable interest entities") and how to determine when and which business enterprise (the "primary beneficiary") should consolidate the variable interest entity. This new model for consolidation applies to an entity in which either (i) the equity investors (if any) do not have a controlling financial interest, or (ii) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that the primary beneficiary, as well as all other enterprises with a significant variable interest in a variable interest entity, make additional disclosures. Certain disclosure requirements of FIN 46 were effective for financial statements issued after January 31, 2003. In December 2003, the FASB issued FIN 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46-R") to address certain FIN 46 implementation issues.

The provisions of FIN 46 were applicable for variable interests in entities obtained after January 31, 2003. The adoption of the provisions applicable to special purpose entities ("SPE") and all other variable interests obtained after January 31, 2003 did not have a material impact on the company's consolidated financial position, consolidated results of operations, or liquidity.

Effective March 31, 2004, the company adopted the provisions of FIN 46-R applicable to Non-SPEs created prior to February 1, 2003. Adoption of FIN 46-R had no impact on the company's consolidated financial position, consolidated results of operations, or liquidity.

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

Results of Operations

For the three months ended March 31, 2004, the company reported net income of \$28.9 million, or \$.09 per share, compared with \$38.5 million, or \$.12 per share, for the three months ended March 31, 2003.

Total revenue for the quarter ended March 31, 2004 was \$1.46 billion, up 5% from revenue of \$1.40 billion for the quarter ended March 31, 2003. Foreign currency translations had a 7% positive impact on revenue in the quarter when compared with the year-ago period. In the current quarter, Services revenue increased 5% and Technology revenue increased 2%.

U.S. revenue increased 3% in the first quarter compared with the year-ago period and revenue in international markets increased 6% driven by increases in Europe and South Pacific which were partially offset by declines in other international regions. On a constant currency basis, international revenue declined 7% in the quarter.

Pension expense for the three months ended March 31, 2004 was \$22.2 million compared with \$6.4 million of pension income for the three months ended March 31, 2003. The change from pension income to pension expense was due to the following: (1) a decline in the discount rate used for the U.S. pension plan to 6.25% at December 31, 2003 from 6.75% at December 31, 2002, (2) an increase in amortization of net unrecognized losses, (3) lower expected returns on plan assets due to amortization of the difference between the calculated value of plan assets and the fair value of plan assets, and (4) for international plans, declines in discount rates and currency translation. The company records pension income or expense, as well as other employee-related costs such as FICA and medical insurance costs, in operating income in the following income statement categories: cost of sales; selling, general and administrative expenses; and research and development expenses. The amount allocated to each income statement line is based on where the salaries of the active employees are charged. The company currently expects to report pension expense of approximately \$85 - \$90 million in 2004 compared with pension income of \$22.6 million in 2003.

Total gross profit margin was 26.8% in the first quarter of 2004 compared with 27.7% in the year-ago period, the change principally reflected pension expense of \$15.5 million in the current quarter compared with pension income of \$1.2 million in the year-ago quarter.

For the three months ended March 31, 2004, selling, general and administrative expenses were \$261.2 million (17.9% of revenue) compared with \$243.7 million (17.4% of revenue) for the three months ended March 31, 2003.

Research and development ("R&D") expense was \$71.5 million compared with \$66.8 million a year ago. The company continues to invest in high-end Cellular MultiProcessing server technology and in key programs within its industry practices. R&D in the current period includes \$1.8 million of pension expense compared with pension income of \$3.2 million in the year-ago period.

For the first quarter of 2004, the company reported an operating income percent of 4.0% compared with 5.5% for the first quarter of 2003, the change principally reflected pension expense of \$22.2 million in the current quarter compared with pension income of \$6.4 million in the year-ago period.

Interest expense for the three months ended March 31, 2004 was \$17.0 million compared with \$15.7 million for the three months ended March 31, 2003. The increase in interest expense was due to higher borrowing levels in 2004, principally due to the issuance of \$300 million of 6 7/8% senior notes in March 2003.

Other income (expense), net was income of \$.6 million in the current quarter compared with an expense of \$3.4 million in the year-ago quarter. The increase to income was principally due to equity income of \$5.2 million in the current quarter compared with none in the prior-year quarter. As discussed in note h, effective January 1, 2004, the company began recording its equity investment in NUL quarterly on a quarter-lag basis. In prior years the company recorded its equity income from NUL semiannually in the June and December quarters on a quarter-lag basis.

Income before income taxes was \$42.4 million in the first quarter of 2004 compared with \$57.5 million last year. The provision for income taxes was \$13.5 million in the current period compared with \$19.0 million in the year-ago period. The effective tax rate was 32% in 2004 and 33% in 2003.

#### Segment results

The company has two business segments: Services and Technology. Revenue classifications are as follows: Services - consulting and systems integration, outsourcing, infrastructure services, and core maintenance; Technology - enterprise-class servers and specialized technologies. The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profit on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended March 31, 2004 and 2003, was \$1.4 million and \$3.1 million, respectively. The profit on these transactions is eliminated in Corporate.

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

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

	Total	Elimi- nations	Services	Technology
	-----	-----	-----	-----
Three Months Ended March 31, 2004				
-----				
Customer revenue	\$1,462.9		\$1,165.0	\$297.9
Intersegment		\$( 45.7)	4.8	40.9
	-----	-----	-----	-----
Total revenue	\$1,462.9	\$( 45.7)	\$1,169.8	\$338.8
	=====	=====	=====	=====
Gross profit percent	26.8%		19.1%	48.3%
	=====		=====	=====
Operating income percent	4.0%		2.5%	8.6%
	=====		=====	=====
Three Months Ended March 31, 2003				
-----				
Customer revenue	\$1,398.9		\$1,107.0	\$291.9
Intersegment		\$( 70.0)	5.6	64.4
	-----	-----	-----	-----
Total revenue	\$1,398.9	\$( 70.0)	\$1,112.6	\$356.3
	=====	=====	=====	=====
Gross profit percent	27.7%		18.7%	50.0%
	=====		=====	=====
Operating income percent	5.5%		3.1%	11.1%
	=====		=====	=====

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

In the Services segment, customer revenue was \$1.17 billion for the three months ended March 31, 2004, up 5% compared with \$1.11 billion for the three months ended March 31, 2003. Foreign currency translations had about a 7% positive impact on Services revenue in the quarter when compared with the year-ago period. The increase in Services revenue was due to an 8% increase in outsourcing (\$443 million in 2004 compared with \$409 million in 2003), a 6% increase in consulting and systems integration (\$377 million in 2004 compared with \$356 million in 2003) and a 3% increase in core maintenance revenue (\$145 million in 2004 compared with \$141 million in 2003). Infrastructure services revenue was flat during the quarter (\$200 million in 2004 compared with \$201 million in 2003). Market demand in the Services segment varies by revenue classification. Demand for outsourcing services remains good, and consulting and systems integration services has been showing signs of gradual recovery. The increase in outsourcing revenue reflects the emphasis that the company has placed on growing its base of long-term outsourcing contracts that provide a reliable base of annuity revenue over multiple years. Services gross profit was 19.1% for the three months ended March 31, 2004 compared with 18.7% in the year-ago period. Services operating income percent was 2.5% for the three months ended March 31, 2004 compared with 3.1% last year, this change was principally due to the impact of pension expense of \$19.3 million in the current quarter compared with pension income of \$1.9 million in the year-ago period.

In the Technology segment, customer revenue was \$298 million for the three months ended March 31, 2004, up 2% compared with \$292 million for the three months ended March 31, 2003. Foreign currency translations had about a 5% positive impact on Technology revenue in the quarter when compared with the year-ago period. The increase in revenue was due to a 30% increase in sales of specialized technology products (\$96 million in 2004 compared with \$74 million in 2003) and a 7% decline in sales of enterprise-class servers (\$202 million in 2004 compared with \$218 million in 2003). The increase in specialized technology revenue was driven by higher sales of semiconductor test systems. Sales of these systems can vary significantly from quarter to quarter depending on customer needs. The company does not expect similar increases in specialized technology revenue to continue through 2004. Technology gross profit was 48.3% for the three months ended March 31, 2004 compared with 50.0% in the year-ago period, and Technology operating income percent was 8.6% for the three months ended March 31, 2004 compared with 11.1% last year. The margin declines primarily reflected a lower proportion of high-end, higher-margin products within the ClearPath product line as well as pension expense of \$2.9 million in the current period compared with pension income of \$4.5 million in the prior-year period.

#### New Accounting Pronouncements

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In January 2003, the Financial Accounting Standards Board ("FASB") issued interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of ARB 51." The primary objectives of this interpretation are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights ("variable interest entities") and how to determine when and which business enterprise (the "primary beneficiary") should consolidate the variable interest entity. This new model for consolidation applies to an entity in which either (i) the equity investors (if any) do not have a controlling financial interest, or (ii) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that the primary beneficiary, as well as all other enterprises with a significant variable interest in a variable interest entity, make additional disclosures. Certain disclosure requirements of FIN 46 were effective for financial statements issued after January 31, 2003. In December 2003, the FASB issued FIN 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46-R") to address certain FIN 46 implementation issues.

The provisions of FIN 46 were applicable for variable interests in entities obtained after January 31, 2003. The adoption of the provisions applicable to special purpose entities ("SPE") and all other variable interests obtained after January 31, 2003 did not have a material impact on the company's consolidated financial position, consolidated results of operations, or liquidity.

Effective March 31, 2004, the company adopted the provisions of FIN 46-R applicable to Non-SPEs created prior to February 1, 2003. Adoption of FIN 46-R had no impact on the company's consolidated financial position, consolidated results of operations, or liquidity.

## Financial Condition

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Cash and cash equivalents at March 31, 2004 were \$671.4 million compared with \$635.9 million at December 31, 2003.

During the three months ended March 31, 2004, cash provided by operations was \$115.8 million compared with cash used for operations of \$64.9 million for the three months ended March 31, 2003. Operating cash flow increased due to higher earnings (excluding the non cash impact of the change from pension income to pension expense), higher levels of advance payments for outsourcing projects, which are generally timed to offset capital expenditures on those projects, and lower restructuring expenditures. Cash expenditures in the current quarter related to prior-year restructuring charges (which are included in operating activities) were approximately \$4 million compared with \$31 million for the prior-year quarter, and are expected to be approximately \$9 million for the remainder of 2004 and \$6 million in total for all subsequent years, principally for work-force reductions and idle lease costs.

Cash used for investing activities for the three months ended March 31, 2004 was \$105.1 million compared with \$103.8 million during the three months ended March 31, 2003. The increase in cash used was principally due to net purchases of investments of \$5.4 million in the current quarter compared with net purchases of \$13.6 million in the prior-year period. In addition, the current period investment in marketable software was \$29.0 million compared with \$40.0 million in the prior-year. Capital additions were \$70.7 million for the three months ended March 31, 2004 compared with \$49.4 million in the prior-year period. The increase in current year capital expenditures was principally due to additions of revenue-generating assets, particularly in the company's outsourcing business.

Cash provided by financing activities during the current quarter was \$20.7 million compared with \$298.5 million in the prior year. The prior period includes net proceeds from issuance of long-term debt of \$293.3 million in connection with the company's issuance in March 2003 of \$300 million of 6 7/8% senior notes due 2010.

At March 31, 2004, total debt was \$1.1 billion, an increase of \$10.7 million from December 31, 2003.

The company has a \$500 million credit agreement that expires in May 2006. As of March 31, 2004, there were no borrowings under this facility, and the entire \$500 million was available for borrowings. Borrowings under the agreement bear interest based on the then-current LIBOR or prime rates and the company's credit rating. The credit agreement contains financial and other covenants, including maintenance of certain financial ratios, a minimum level of net worth and limitations on certain types of transactions, which could reduce the amount the company is able to borrow. Events of default under the credit agreement include failure to perform covenants, material adverse change, change of control and default under other debt aggregating at least \$25 million. If an event of default were to occur under the credit agreement, the lenders would be entitled to declare all amounts borrowed under it immediately due and payable. The occurrence of an event of default under the credit agreement could also cause the acceleration of obligations under certain other agreements and the termination of the company's U.S. trade accounts receivable facility, described below.

In addition, the company and certain international subsidiaries have access to certain uncommitted lines of credit from various banks. Other sources of short-term funding are operational cash flows, including customer prepayments, and the company's U.S. trade accounts receivable facility. Using this facility, the company sells, on an on-going basis, up to \$225 million of its eligible U.S. trade accounts receivable through a wholly owned subsidiary, Unisys Funding Corporation I. The facility is renewable annually at the purchasers' option and expires in December 2006. At March 31, 2004, the company had sold \$150 million of eligible receivables compared with \$225 million at December 31, 2003.

At March 31, 2004, the company has met all covenants and conditions under its various lending and funding agreements. Since the company believes that it will continue to meet these covenants and conditions, the company believes that it has adequate sources and availability of short-term funding to meet its expected cash requirements.

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

The company has on file with the Securities and Exchange Commission a registration statement covering \$1.2 billion of debt or equity securities, which enables the company to be prepared for future market opportunities.

At March 31, 2004, the company had deferred tax assets in excess of deferred tax liabilities of \$2,033 million. For the reasons cited below, management determined that it is more likely than not that \$1,584 million of such assets will be realized, therefore resulting in a valuation allowance of \$449 million.

The company evaluates quarterly the realizability of its deferred tax assets and adjusts the amount of the related valuation allowance, if necessary. The factors used to assess the likelihood of realization are the company's forecast of future taxable income, and available tax planning strategies that could be implemented to realize deferred tax assets. Approximately \$4.8 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. See "Factors That May Affect Future Results" below.

Stockholders' equity increased \$68.6 million during the three months ended March 31, 2004, principally reflecting net income of \$28.9 million, \$16.3 million for issuance of stock under stock option and other plans, \$1.6 million of tax benefits related to employee stock plans and currency translation of \$20.2 million.

At December 31 of each year, accounting rules require a company to recognize a liability on its balance sheet for each defined benefit pension plan if the fair value of the assets of that pension plan is less than the present value of the pension obligation (the accumulated benefit obligation, or "ABO"). This liability is called a "minimum pension liability." Concurrently, any existing prepaid pension asset for the pension plan must be removed. These adjustments are recorded as a charge in "accumulated other comprehensive income (loss)" in stockholders' equity. If at any future year-end, the fair value of the pension plan assets exceeds the ABO, the charge to stockholders' equity would be reversed for such plan. Alternatively, if the fair market value of pension plan assets experiences further declines or the discount rate is reduced, additional charges to accumulated other comprehensive income (loss) may be required at a future year-end.

At December 31, 2002, for all of the company's defined benefit pension plans, the ABO exceeded the fair value of pension plan assets. At December 31, 2003, the difference between the ABO and the fair value of pension plan assets decreased. As a result, at December 31, 2003, the company adjusted its minimum pension liability as follows: decreased its pension plan liabilities by approximately \$300 million, increased its investments at equity by approximately \$6 million relating to the company's share of the change in NUL's minimum pension liability, decreased prepaid pension asset by \$56 million, and offset these changes by a credit to other comprehensive income of approximately \$250 million, or \$165 million net of tax.

This accounting has no effect on the company's net income, liquidity or cash flows. Financial ratios and net worth covenants in the company's credit agreements and debt securities are unaffected by charges or credits to stockholders' equity caused by adjusting a minimum pension liability.

In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to fund its U.S. defined benefit plan in 2004. The company expects to make cash contributions of approximately \$70 million to its other defined benefit pension plans during 2004.

## Factors That May Affect Future Results

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From time to time, the company provides information containing "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events and include any statement that does not directly relate to any historical or current fact. Words such as "anticipates," "believes," "expects," "intends," "plans," "projects" and similar expressions may identify such forward-looking statements. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company's actual results to differ materially from expectations. These other factors include, but are not limited to, those discussed below. Any forward-looking statement speaks only as of the date on which that statement is made. The company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

The company's business is affected by changes in general economic and business conditions. The company continues to face a highly competitive business environment and economic weakness in certain geographic regions. In this environment, many organizations are delaying planned purchases of information technology products and services. If the level of demand for the company's products and services declines in the future, the company's business could be adversely affected. The company's business could also be affected by acts of war, terrorism or natural disasters. Current world tensions could escalate and this could have unpredictable consequences on the world economy and on our business.

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

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

The company's future results will depend in part on its ability to continue to accelerate growth in outsourcing and infrastructure services. The company's outsourcing contracts are multiyear engagements under which the company takes over management of a client's technology operations, business processes or networks. The company will need to maintain a strong financial position in order to grow its outsourcing business. In a number of these arrangements, the company hires certain of its clients' employees and may become responsible for the related employee obligations, such as pension and severance commitments.



In addition, system development activity on outsourcing contracts may require the company to make significant upfront investments. As long-term relationships, these outsourcing contracts provide a base of recurring revenue. However, in the early phases of these contracts, gross margins may be lower than in later years when the work force and facilities have been rationalized for efficient operations, and an integrated systems solution has been implemented. Future results will depend on the company's ability to effectively complete the rationalizations and solution implementations.

Future results will also depend in part on the company's ability to drive profitable growth in consulting and systems integration. The company's ability to grow profitably in this business will depend in part on an improvement in economic conditions and a pick-up in demand for systems integration projects. It will also depend on the success of the actions the company has taken to enhance the skills base and management team in this business and to refocus the business on integrating best-of-breed, standards-based solutions to solve client needs. In addition, profit margins in this business are largely a function of the rates the company is able to charge for services and the chargeability of its professionals. If the company is unable to maintain the rates it charges or appropriate chargeability for its professionals, profit margins will suffer. The rates the company is able to charge for services are affected by a number of factors, including clients' perception of the company's ability to add value through its services; introduction of new services or products by the company or its competitors; pricing policies of competitors; and general economic conditions. Chargeability is also affected by a number of factors, including the company's ability to transition employees from completed projects to new engagements, and its ability to forecast demand for services and thereby maintain an appropriate head count.

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

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

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

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

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

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

Approximately 53% of the company's total revenue derives from international operations. The risks of doing business internationally include foreign currency exchange rate fluctuations, changes in political or economic conditions, trade protection measures, import or export licensing requirements, multiple and possibly overlapping and conflicting tax laws, and weaker intellectual property protections in some jurisdictions.

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

#### Item 4. Controls and Procedures

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The company's management, with the participation of the company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the company's disclosure controls and procedures as of March 31, 2004. Based on this evaluation, the company's Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures are effective for gathering, analyzing and disclosing the information the company is required to disclose in the reports it files under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms. Such evaluation did not identify any change in the company's internal control over financial reporting that occurred during the quarter ended March 31, 2004 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

## Part II - OTHER INFORMATION

## Item 6. Exhibits and Reports on Form 8-K

## (a) Exhibits

See Exhibit Index

## (b) Reports on Form 8-K

On January 20, 2004, the company furnished a Current Report on Form 8-K to provide, under Items 7 and 12, the company's earnings release reporting its financial results for the quarter and year ended December 31, 2003. Such information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.

On April 6, 2004, the company filed a Current Report on Form 8-K, dated April 6, 2004, to report under Items 5 and 7 of that form.

## SIGNATURES

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

## UNISYS CORPORATION

Date: April 22, 2004

By: /s/ Janet M. Brutschea Haugen

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

By: /s/ Carol S. Sabochick

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

## EXHIBIT INDEX

Exhibit Number -----	Description -----
3	Bylaws of Unisys Corporation, as amended through April 22, 2004
10	Agreement, dated April 6, 2004, between Lawrence A. Weinbach and Unisys Corporation (incorporated by reference to Exhibit 10 to the registrant's current report on Form 8-K dated April 6, 2004)
12	Statement of Computation of Ratio of Earnings to Fixed Charges
31.1	Certification of Lawrence A. Weinbach required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of Lawrence A. Weinbach required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

BYLAWS

ARTICLE I

Stockholders

SECTION 1. Annual Meeting of Stockholders.

The Board of Directors may fix the date, time and place of the annual meeting of stockholders, but if no such date and time is fixed and designated by the Board of Directors, the annual meeting of stockholders shall be held on the last Thursday in April in each year. At the annual meeting, the stockholders then entitled to vote shall elect directors and shall transact such other business as may properly be brought before the meeting.

SECTION 2. Special Meetings of Stockholders.

Subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of the stockholders for any purpose may be called only by a majority of the entire Board of Directors.

SECTION 3. Stockholder Action.

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

SECTION 4. Place of Meeting.

All meetings of the stockholders of the Corporation shall be held at such place as shall be designated by the Board of Directors in the notice of such meeting.

SECTION 5. Notice of Business to be Transacted.

(a) Annual Meetings.

(1) Nominations of persons for election to the Board of Directors of the Corporation shall be made pursuant to Article II, Section 5 of these bylaws. The proposal of business other than director nominations to be transacted by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice with respect to such meeting, (b) by or at the direction of the Board of Directors, or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in these bylaws, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

(2) For business other than director nominations to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (1) of this section, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such business must be a proper matter for stockholder action under the Delaware General Corporation Law (the "GCL"). To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than 90 days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting is more than 30 days prior to or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 90th day prior to such annual meeting or later than the 7th day following the day on which notice of the date of such meeting is first given. Such stockholder's notice shall set forth (a) as to any business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number of shares of the capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section and, with respect to the election of directors, Article II, Section 5. The chairman of the meeting shall determine

whether any business proposed to be transacted by the stockholders has been properly brought before the meeting and, if any proposed business has not been properly brought before the meeting, the chairman shall declare that such proposed business shall not be presented for stockholder action at the meeting.

(b) Special Meetings. Nominations of persons for election to the Board of Directors may be made by stockholders at special meetings of stockholders at which directors are to be selected pursuant to the stockholders' notice requirements of Article II, Section 5 of these bylaws. Stockholders shall not propose business at any special meetings of stockholders.

(c) Proxy Rules. Nothing in this Section 5 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934.

#### SECTION 6. Quorum, Manner of Acting and Adjournment and Postponement.

(a) Quorum, Adjournment and Postponement. The holders of a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders except as otherwise provided by the GCL, by the certificate of incorporation or by these bylaws. Whether or not a quorum is present or represented at any meeting of the stockholders, the chairman of the meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting. At any such adjourned meeting at which a quorum is present or represented, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. The stockholders present in person or by proxy at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding withdrawal of enough stockholders to leave less than a quorum. Any meeting of stockholders, whether special or annual, may be postponed by resolution of the Board of Directors upon public notice given prior to the date of such meeting.

(b) Manner of Acting. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. In all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote thereon shall be the act of the stockholders, unless the question is one upon which, by express provision of the applicable statute, the certificate of incorporation or these bylaws, a different vote is required in which case such express provision shall govern and control the decision of the question.

#### SECTION 7. Organization and Conduct of Business.

At every meeting of the stockholders, the Chairman of the Board, if there be one, or in the case of a vacancy in the office or absence of the Chairman of the Board, one of the following persons present in the order stated: the Vice Chairman, if one has been appointed, the Chief Executive Officer, the President, the Vice Presidents in their order of rank or seniority, a chairman designated by the Board of Directors or a chairman chosen by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to cast, shall act as chairman, and the Secretary, or, in the absence of the Secretary, an Assistant Secretary, or in the absence of the Secretary and the Assistant Secretaries, a person appointed by the chairman, shall act as secretary. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as may seem to him in order.

#### SECTION 8. Voting.

(a) General Rule. Unless otherwise provided in the certificate of incorporation, each stockholder shall be entitled to one vote, in person or by proxy, for each share of capital stock having voting power held by such stockholder.

(b) Voting and Other Action by Proxy. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

All voting, except where otherwise required by law, these bylaws or the certificate of incorporation, may be by a voice vote. Any vote not taken by voice shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting.

#### SECTION 9. Voting Lists.

The Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting. The list shall be arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

#### SECTION 10. Inspectors of Election.

(a) Appointment. All elections of directors shall be by written ballot. In advance of any meeting of stockholders the Board of Directors shall appoint one or more inspectors to act at the meeting. No person who is a candidate for office shall act as an inspector. In case any person appointed as an inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the convening of the meeting, or at the meeting by the chairman of the meeting.

(b) Duties. Inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies and ballots, shall receive votes or ballots, shall hear and determine all challenges and questions in any way arising in connection with the right to vote, shall count and tabulate all votes and ballots, shall determine and certify the result, and shall do such acts as may be proper to conduct the election or vote with fairness to all stockholders. If there be more than one inspector of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

(c) Report. On request of the chairman of the meeting or of any stockholder or his proxy, the inspectors shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them.

(d) Opening and Closing of Polls. The date and time of the opening and closing of the polls for each matter to be voted upon at the meeting shall be determined by the chairman of the meeting and announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery in Delaware upon application by a stockholder shall determine otherwise.

### ARTICLE II

#### Directors

##### SECTION 1. Number.

The business and affairs of the Corporation shall be managed under the direction of the Board of Directors which, subject to any right of the holders of any series of Preferred Stock then outstanding to elect additional directors under specified circumstances, shall consist of not less than 10 nor more than 20 persons. The exact number of directors within the minimum and maximum limitations specified in the preceding sentence shall be fixed from time to time by the Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors.

##### SECTION 2. Terms.

The directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be divided into three classes, as nearly equal in number as possible, with the term of office of the first class to



expire at the 1985 Annual Meeting of Stockholders, the term of office of the second class to expire at the 1986 Annual Meeting of Stockholders and the term of office of the third class to expire at the 1987 Annual Meeting of Stockholders. At each Annual Meeting of Stockholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding Annual Meeting of Stockholders after their election.

### SECTION 3. Newly Created Directorships and Vacancies.

Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the directors then in office, and directors so chosen shall hold office for a term expiring at the Annual Meeting of Stockholders at which the term of the class to which they have been elected expires. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

### SECTION 4. Removal.

Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 80% of the voting power of all of the shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

### SECTION 5. Nomination of Director Candidates.

(a) Nominations of candidates for election as directors of the Corporation at any meeting of stockholders called for election of directors (an "Election Meeting") may be made by the Board of Directors or by any stockholder entitled to vote at such Election Meeting.

(b) Nominations made by the Board of Directors shall be made at a meeting of the Board of Directors, or by written consent of directors in lieu of a meeting, not less than 30 days prior to the date of the Election Meeting, and such nomination shall be reflected in the minute books of the Corporation as of the date made. At the request of the Secretary of the Corporation each proposed nominee shall provide the Corporation with such information concerning himself as is required, under the rules of the Securities and Exchange Commission, to be included in the Corporation's proxy statement soliciting proxies for his election as a director.

(c) Not less than 90 days prior to the date of the Election Meeting in the case of an annual meeting, and not more than 7 days following the date of notice of the meeting in the case of a special meeting, any stockholder who intends to make a nomination at the Election Meeting shall deliver a notice to the Secretary of the Corporation setting forth (i) the name, age, business address and residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of capital stock of the Corporation which are beneficially owned by each such nominee, (iv) a statement that the nominee is willing to be nominated and (v) such other information concerning each such nominee as would be required, under the rules of the Securities and Exchange Commission, in a proxy statement soliciting proxies for the election of such nominees.

(d) In the event that a person is validly designated as a nominee in accordance with paragraph (b) or paragraph (c) hereof and shall thereafter become unable or unwilling to stand for election to the Board of Directors, the Board of Directors or the stockholder who proposed such nominee, as the case may be, may designate a substitute nominee.

(e) If the Chairman of the Election Meeting determines that a nomination was not made in accordance with the foregoing procedures, such nominations shall be void.

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

### SECTION 6. Organization.

At every meeting of the Board of Directors, the Chairman of the Board or, in the case of a vacancy in the office or absence of the Chairman of the Board, a chairman chosen by a majority of the directors present, shall preside, and the Secretary, or, in the absence of the Secretary, an Assistant Secretary, or in the absence of the Secretary and the Assistant Secretaries, any person appointed by the chairman of the meeting, shall act as secretary.

## SECTION 7. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

## SECTION 8. Special Meetings.

Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board or by three or more of the directors and shall be held at such place, on such date and at such time as they or he shall fix.

## SECTION 9. Quorum, Manner of Acting and Adjournment.

(a) General Rule. One-half of the total number of directors shall constitute a quorum for the transaction of business at all meetings of the Board of Directors. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except (1) as may be otherwise specifically provided by the GCL or by the certificate of incorporation; and (2) for any amendment to these bylaws, which shall require the vote of not less than a majority of the directors then in office. If a quorum is not present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without further waiver or notice other than announcement at the meeting, until a quorum is present.

(b) Unanimous Written Consent. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if all members of the Board consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

(c) Conference Telephone Meetings. One or more directors of the Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in this manner constitutes presence in person at the meeting.

## SECTION 10. Committees of the Board of Directors.

(a) Establishment and Powers. The Board of Directors may, by resolution adopted by a majority of the whole Board, establish one or more committees, each committee to consist of one or more directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee and the alternate or alternates, if any, designated for such member, the member or members of the committee present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member. Subject to the provisions of the GCL, committees established by the Board of Directors shall have such power and authority as provided by resolution of the board. Each committee so formed shall have such name as may be determined from time to time by resolution adopted by the Board of Directors and shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

(b) Committee Procedures and Conduct of Business. Each committee of the Board of Directors may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings of committees. A majority of the members of any committee shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member and two (2) members, respectively, shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

## SECTION 11. Compensation of Directors.

Unless otherwise restricted by the certificate of incorporation, the Board of Directors shall have the authority to fix the fees and other compensation of directors.

SECTION 1. Notice, What Constitutes.

Whenever, under the provisions of the GCL or of the certificate of incorporation or of these bylaws, notice is required to be given to any director or stockholder, such notice may be given in writing, by mail or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by facsimile transmission to the address (or to the telex, TWX, facsimile or telephone number) of the person appearing on the books of the Corporation, or in the case of directors, supplied to the Corporation for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to be given when deposited in the United States mail or with a telegraph office or courier service for delivery to that person or, in the case of telex or TWX, when dispatched, or in the case of facsimile transmission, when electronically received.

SECTION 2. Notice of Meetings of Board of Directors.

Notice of a regular meeting of the Board of Directors need not be given. Notice of every special meeting of the Board of Directors shall be given to each director by telephone or in writing at least 24 hours (in the case of notice by telephone, telex, TWX or facsimile transmission) or 48 hours (in the case of notice by telegraph, courier service or express mail) or five days (in the case of notice by first class mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

SECTION 3. Notice of Meetings of Stockholders.

Written notice of the place, date and hour of every meeting of the stockholders, whether annual or special, shall be given to each stockholder of record entitled to vote at the meeting not less than ten nor more than 60 days before the date of the meeting and shall state the purpose or purposes thereof. If the notice is sent by mail, it shall be deemed to have been given when deposited in the United States mail, postage prepaid, directed to the stockholder at the address of the stockholder as it appears on the records of the Corporation.

SECTION 4. Waivers of Notice.

(a) Written Waiver. Whenever notice is required to be given under any provisions of the GCL or the certificate of incorporation or these bylaws, a written waiver, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice of such meeting.

(b) Waiver by Attendance. Attendance of a person at a meeting, either in person or by proxy, shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE IV

Officers

SECTION 1. Number, Qualifications and Designation.

The officers of the Corporation shall be chosen by the Board of Directors and shall be a Chairman of the Board of Directors, a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary, a Treasurer, a Controller and such other officers as may be elected in accordance with the provisions of Section 3 of this Article IV. Any number of offices may be held by the same person. The Board of Directors shall elect the Chairman of the Board from among the members of the board.

SECTION 2. Election and Term of Office.

The officers of the Corporation, except those appointed by delegated authority pursuant to section 3 of this Article IV, shall be elected annually by the Board of Directors, and each such officer shall hold office for a term of one year and until a successor is elected and qualified, or until his or her

earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Any officer may be removed from office at any time by the affirmative written vote of a majority of the directors then in office. Notwithstanding anything to the contrary in these by-laws and regardless of whether the officer has tendered his/her resignation, an officer's term of office and employment shall terminate on the first day of the month following the officer's attainment of age sixty-five unless, in the case of any particular officer, the Board of Directors shall have determined otherwise.

### SECTION 3. Other Officers, Committees and Agents.

The Board of Directors may from time to time elect such other officers, and appoint such committees, employees or other agents as it deems necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as are provided in these bylaws, or as the Board of Directors may from time to time determine. The Board of Directors may delegate to any officer or committee the power to appoint subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

### SECTION 4. The Chairman and Vice Chairman of the Board.

The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors and shall perform such other duties as may from time to time be assigned to him or her by the Board of Directors. The Vice Chairman of the Board, if there be one, shall perform such duties as may be delegated to him or her by the Board of Directors, by the Chairman of the Board or by the Chief Executive Officer.

### SECTION 5. The Chief Executive Officer.

The Chief Executive Officer shall have general responsibility for the management and control of the business of the Corporation, shall perform all duties and have all powers that are commonly incident to the office of Chief Executive Officer and shall perform such other duties as may from time to time be assigned to him or her by the Board of Directors.

### SECTION 6. The President.

The President shall perform such duties as from time to time may be assigned by the Board of Directors or by the Chief Executive Officer.

### SECTION 7. The Vice Presidents.

The Vice Presidents shall perform such duties as may from time to time be assigned to each and any of them by the Board of Directors or by the Chief Executive Officer. A Vice President or Vice Presidents may have such additional designations as the Board may approve.

### SECTION 8. The Secretary.

The Secretary, or an Assistant Secretary, shall attend all meetings of the stockholders, the Board of Directors and committees thereof and shall record the proceedings of the stockholders and of the directors and of committees of the Board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the Corporation as required by law; shall be the custodian of the seal of the Corporation and see that it is affixed to all documents to be executed on behalf of the Corporation under its seal; and, in general, shall perform all duties incident to the office of Secretary, and such other duties as may from time to time be assigned by the Board of Directors or by the Chief Executive Officer.

### SECTION 9. The Treasurer.

The Treasurer, or an Assistant Treasurer, shall have or provide for the custody of the funds or other property of the Corporation; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the Corporation; shall deposit all funds in his or her custody as Treasurer in such banks or other places of deposit as the Board of Directors may from time to time designate; whenever so required by the Board of Directors, shall render an account showing his or her transactions as Treasurer and the financial condition of the Corporation; and, in general, shall discharge such other duties as may from time to time be assigned by the Board of Directors or by the Chief Executive Officer.

### SECTION 10. The Controller.

The Controller shall provide and maintain financial and accounting

controls over the business and affairs of the Corporation. He or she shall maintain adequate records of the assets, liabilities and financial transactions of the Corporation, and shall direct the preparation of financial statements, reports and analyses. He or she shall perform all acts incident to the position of Controller subject to the control of the Board of Directors and the Chief Executive Officer.

#### SECTION 11. General Counsel.

The Corporation may have a General Counsel who shall be appointed by resolution of the Board of Directors and who shall have general supervision of all matters of a legal nature concerning the Corporation.

#### SECTION 12. Officers' Bonds.

No officer of the Corporation need provide a bond to guarantee the faithful discharge of the officer's duties unless the Board of Directors shall by resolution so require a bond in which event such officer shall give the Corporation a bond (which shall be renewed if and as required) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of office.

#### SECTION 13. Compensation.

The compensation of the officers of the Corporation elected by the Board of Directors shall be fixed from time to time by the Board of Directors or a committee thereof designated for such purpose.

### ARTICLE V

#### Certificates of Stock, Transfer, Etc.

##### SECTION 1. Form and Issuance.

(a) Issuance and Form. The shares of the capital stock of the Corporation shall be represented by certificates in such form as shall be approved by the Board of Directors. The certificates shall be signed by the Chairman or the Chief Executive Officer or the President or any Vice President and by the Treasurer or the Secretary.

(b) Records and Regulations. The stock record books shall be kept by the Secretary or by any registrar, stock transfer agent or other agency designated by the Board of Directors for that purpose. The stock certificates of the Corporation shall be registered in the stock ledger and transfer books of the Corporation as they are issued. Except as may otherwise be required by the Corporation's certificate of incorporation or the GCL, the Board of Directors may make such other rules and regulations concerning the issue, transfer and registration of certificates of shares of the capital stock of the Corporation as it deems necessary or appropriate from time to time.

(c) Signatures. Any of or all the signatures upon the stock certificates of the Corporation may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any share certificate shall have ceased to be such officer, transfer agent or registrar, before the certificate is issued, it may be issued with the same effect as if the signatory were such officer, transfer agent or registrar at the date of its issue.

##### SECTION 2. Transfer of Stock.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 3 of this Article, an outstanding certificate for the number of shares involved shall be surrendered for cancellation, properly endorsed, before a new certificate is issued therefor.

##### SECTION 3. Lost, Stolen, Destroyed or Mutilated Certificates.

The Corporation may direct a new certificate of stock to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or the legal representative of the owner, to give the Corporation

a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate.

#### SECTION 4. Record Holder of Shares.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the GCL.

#### SECTION 5. Determination of Stockholders of Record.

(a) Meetings of Stockholders. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting.

(b) Dividends. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights of the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

### ARTICLE VI

#### General Provisions

##### SECTION 1. Dividends.

Subject to the restrictions contained in the GCL and any restrictions contained in the certificate of incorporation, the Board of Directors may declare and pay dividends upon the shares of capital stock of the Corporation.

##### SECTION 2. Contracts.

Except as otherwise provided in these bylaws, the Board of Directors or the Chief Executive Officer, to the extent authorized by the Board, may authorize any officer or officers, or any agent or agents, to enter into any contract or to execute or deliver any instrument on behalf of the Corporation and such authority may be general or confined to specific instances.

##### SECTION 3. Corporate Seal.

The Corporation shall have a corporate seal, which shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced. If and when so directed by the Board or a committee thereof, duplicates of the seal may be kept and used by the Secretary or Treasurer or by an Assistant Secretary or Assistant Treasurer.

##### SECTION 4. Amendment of Bylaws.

Subject to the provisions of the certificate of incorporation, these bylaws may be altered, amended or repealed or new bylaws may be adopted either (1) by vote of the stockholders at a duly held annual or special meeting of stockholders, or (2) by vote of a majority of the Board of Directors at any regular or special meeting of directors.

##### SECTION 5. Action with Respect to Securities of Other Corporations.

The Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer or Secretary, or such other person appointed by such officer or the Board of Directors, shall have the power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which the Corporation may hold securities and otherwise to exercise any and all rights and powers which the Corporation may possess by reason of its ownership of securities in such other corporation. The Corporation shall not directly or indirectly vote any shares issued by it.

SECTION 6. Fiscal Year.

The fiscal year of the Corporation shall end on the thirty-first of December in each year.

SECTION 7. Time Periods.

In applying any provision of these bylaws that requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

SECTION 8. Confidentiality Policies.

The provisions of these Bylaws shall be subject to any policies with respect to inspectors of election and confidential proxy voting which may be adopted by the Board of Directors from time to time and which are not inconsistent with applicable law.

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

	Three Months Ended	Years Ended December 31				
	Mar. 31, 2004	2003	2002	2001	2000	1999
<b>FIXED CHARGES</b>						
Interest expense	\$ 17.0	\$ 69.6	\$ 66.5	\$ 70.0	\$ 79.8	\$127.8
Interest capitalized during the period	3.7	14.5	13.9	11.8	11.4	3.6
Amortization of debt issuance expenses	.8	3.8	2.6	2.7	3.2	4.1
Portion of rental expense representative of interest	13.8	55.2	53.0	53.9	42.2	46.3
<b>Total Fixed Charges</b>	<b>35.3</b>	<b>143.1</b>	<b>136.0</b>	<b>138.4</b>	<b>136.6</b>	<b>181.8</b>
<b>EARNINGS</b>						
Income (loss) from continuing operations before income taxes	42.4	380.5	332.8	(73.0)	348.5	751.7
Add (deduct) the following:						
Share of loss (income) of associated companies	( 5.3)	(16.2)	14.2	(8.6)	(20.5)	8.9
Amortization of capitalized interest	2.5	10.2	8.8	5.4	2.2	-
<b>Subtotal</b>	<b>39.6</b>	<b>374.5</b>	<b>355.8</b>	<b>(76.2)</b>	<b>330.2</b>	<b>760.6</b>
Fixed charges per above	35.3	143.1	136.0	138.4	136.6	181.8
Less interest capitalized during the period	( 3.7)	(14.5)	(13.9)	(11.8)	(11.4)	(3.6)
<b>Total earnings</b>	<b>\$ 71.2</b>	<b>\$503.1</b>	<b>\$477.9</b>	<b>\$ 50.4</b>	<b>\$455.4</b>	<b>\$938.8</b>
<b>Ratio of earnings to fixed charges</b>	<b>2.02</b>	<b>3.52</b>	<b>3.51</b>	<b>*</b>	<b>3.33</b>	<b>5.16</b>

\* Earnings for the year ended December 31, 2001 were inadequate to cover fixed charges by approximately \$88 million.



## CERTIFICATION

I, Lawrence A. Weinbach, certify that:

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

Date: April 22, 2004

/s/ Lawrence A. Weinbach

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Name: Lawrence A. Weinbach  
Title: Chairman of the Board and  
Chief Executive Officer

## CERTIFICATION

I, Janet Brutschea Haugen, certify that:

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

Date: April 22, 2004

/s/ Janet Brutschea Haugen

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

CERTIFICATION OF PERIODIC REPORT

I, Lawrence A. Weinbach, Chairman of the Board and Chief Executive Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: April 22, 2004

/s/ Lawrence A. Weinbach

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Lawrence A. Weinbach  
Chairman of the Board and  
Chief Executive Officer

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

CERTIFICATION OF PERIODIC REPORT

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

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 22, 2004

/s/ Janet Brutschea Haugen  
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Janet Brutschea Haugen  
Senior Vice President and  
Chief Financial Officer

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