

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) January 26, 2006

UNISYS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

1-8729

38-0387840

(State or Other
Jurisdiction of
Incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

Unisys Way,
Blue Bell, Pennsylvania 19424

(Address of Principal Executive Offices) (Zip Code)

(215) 986-4011

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- \ \ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- \ \ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- \ \ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- \ \ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On January 26, 2006, Unisys Corporation issued a news release to report its financial results for the quarter and year ended December 31, 2005. The release is furnished as Exhibit 99 to this Current Report.

The information in this Current Report, including the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information contained herein and in the accompanying Exhibit shall not be incorporated by reference into any registration statement or other document filed with the Securities and Exchange Commission by Unisys Corporation, whether before or after the date hereof, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(c) The following exhibit is being furnished herewith:

SIGNATURE

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 hereunto duly authorized.

UNISYS CORPORATION

Date: January 26, 2006

By: /s/ Janet B. Haugen

Janet B. Haugen
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit
No.

99 News Release, dated January 26, 2006, of Unisys Corporation.

UNISYS

Media Contacts:

John Schneidawind, 215-986-2472, john.schneidawind@unisys.com
Jacqueline Lewis, 215-986-5204 jacqueline.lewis@unisys.com

Investor Contact:

Jim Kerr, 215-986-5795 jim.kerr@unisys.com

UNISYS ACHIEVES HIGH END OF FINANCIAL GUIDANCE FOR FOURTH-QUARTER 2005; COMPANY REPORTS STRONG GROWTH IN ORDERS AND CASH FLOW OVER YEAR-AGO PERIOD

COMPANY UPDATES PROGRESS ON REPOSITIONING EFFORT

BLUE BELL, Pa., January 26, 2006 - Unisys Corporation (NYSE: UIS) today announced that it had achieved the high end of its fourth-quarter 2005 financial target range for pre-tax income excluding pension expense of \$50 - \$75 million. The company also announced strong growth in orders and cash flow over the prior-year quarter, and good progress in executing against the repositioning plan it outlined in October.

Unisys reported a fourth-quarter 2005 net loss of \$31.1 million, or 9 cents per share, compared with a fourth-quarter 2004 net loss of \$34.9 million, or 10 cents per share. The fourth-quarter 2005 results include a tax provision of \$58.3 million as compared to a tax benefit of \$55.0 million in the fourth quarter of 2004. The fourth-quarter 2005 results also include pre-tax pension expense of \$44.3 million, or 11 cents per share, compared with pre-tax pension expense of \$23.1 million, or 5 cents per share, in the year-ago quarter. Excluding pension expense, fourth-quarter 2005 net income was \$8.1 million, or 2 cents per share, compared with a net loss of \$19.2 million, or a loss of 5 cents per share, in the fourth quarter of 2004.

The fourth-quarter 2004 net loss included the following significant items:

* a pre-tax, non-cash asset impairment charge of \$125.6 million, or 26 cents per share, to write off contract-related capitalized assets associated with a challenging outsourcing operation; and

* a tax benefit of \$28.8 million, or 9 cents per share, principally due to favorable tax settlements.

On a pre-tax basis excluding pension expense, fourth-quarter 2005 pre-tax income was \$71.5 million, which was at the high end of the company's targeted range of \$50 - \$75 million. This compared to a pre-tax loss of \$66.8 million in the fourth quarter of 2004.

Revenue for the fourth quarter of 2005 increased 3% to \$1.57 billion from \$1.52 billion in the year-ago quarter. Currency had a 2 percentage-point negative impact on the company's revenue in the fourth quarter, reflecting a stronger U.S. dollar against most major currencies worldwide.

For the full year of 2005, Unisys reported a net loss of \$1.73 billion, or \$5.09 per share, compared to full-year 2004 net income of \$38.6 million, or 11 cents per diluted share. The full-year 2005 results included pre-tax pension expense of \$181.1 million, or 47 cents per share, compared with pre-tax pension expense of \$93.6 million, or 19 cents per share, in 2004. Excluding the impact of pension expense in both periods, 2005 net loss was \$1.57 billion, or \$4.62 per share, compared with 2004 net income of \$102.2 million, or 30 cents per share. The 2005 net loss included the following items:

* an increase in the valuation allowance of \$1.57 billion, or \$4.62 per share, related to the company's net deferred tax assets;

* a pre-tax charge of \$10.7 million, or 2 cents per share, related to a cash tender for the company's 8 1/8% notes due 2006.

Significant items included in the 2004 net income include:

* the asset impairment pre-tax charge of \$125.6 million, or 26 cents per share;

* a pre-tax cost reduction charge of \$82.0 million, or 18 cents per share;

* a tax benefit of \$97.0 million, or 29 cents per share, related to favorable tax settlements.

Revenue for the full-year of 2005 declined 1% to \$5.76 billion from revenue of

\$5.82 billion in 2004. Currency had a 1 percentage-point positive impact on the company's revenue for the full year of 2005.

COMMENTS FROM PRESIDENT AND CEO JOSEPH W. MCGRATH

"Unisys employees turned in a solid performance this quarter," said Joseph W. McGrath, Unisys President and Chief Executive Officer. "We achieved our financial objectives and showed strong improvement in operating profitability and free cash flow over the year-ago quarter. Orders also showed double-digit growth over the year-ago quarter, as we closed a number of significant services and technology contracts during the quarter.

"Equally important, we are making good progress in executing against the repositioning plan that we announced in October," McGrath said. "The plan is intended to tightly focus Unisys on large, high-growth areas of the market and drive order and revenue growth through enhanced sales and marketing programs. As part of the repositioning effort, we plan to divest non-core businesses, reduce our cost base to reflect our more focused business model, and reduce our global headcount by about 10% over the next year."

"While we have much more work to do, we have already taken several positive steps toward executing against our new, more focused business model," McGrath said. "As we implement more actions going forward, we look for these efforts to enhance our margins and profitability."

During the fourth quarter the company:

- - Began the process of pooling and training its global services delivery workforce around the company's focused areas of growth - outsourcing, open source/Linux, Microsoft solutions, security, and real-time ClearPath and ES7000 infrastructure solutions; the new "integrated competency" organization was launched in January;

- - Identified potential non-core areas for divestiture and began exploratory discussions with interested parties on some of the divestiture candidates;

- - Identified areas where the company expects to make headcount reductions, which are expected to begin as funding from the divestiture program becomes available;

- - Continued to enhance its sales and marketing efforts by naming new global industry sales leaders, in addition to the geographic and technology sales leadership added in the third quarter; focusing sales efforts on increasing business with the company's top 500 accounts and top 10 countries worldwide; and announcing new compensation programs, starting in 2006, designed to drive greater cross-business and cross-portfolio sales to selected named accounts.

The company also announced earlier this week that it had reached agreement with its equity partners to restructure its joint venture check processing operation, iPSL, in the United Kingdom. Under the new agreement Unisys will continue to process checks for its partner banks in the U.K. but at new tariff arrangements that are expected to result in an increase in revenue to Unisys of approximately \$150 million over the 2006-2010 timeframe. The new agreement is expected to significantly improve the financial results of the iPSL operation in 2006 versus 2005.

FOURTH-QUARTER COMPANY RESULTS

The company reported double-digit growth in overall orders in the fourth quarter. Services orders showed strong double-digit gains in the quarter, reflecting substantial order gains in outsourcing, partially offset by order declines in systems integration and consulting. Technology orders showed single-digit gains in the quarter, driven by order gains for ClearPath and ES7000 enterprise servers.

Significant contracts signed in the quarter included:

- * Transportation Security Administration. A bridge contract from the U.S. Transportation Security Administration (TSA) to continue providing managed services to TSA and the Department of Homeland Security; the contract is for a one-year base period, with an estimated value of about \$308 million, and two additional one-year options, with the total ceiling value of the entire three-year period estimated at \$750 million;

- * Capgemini/Metropolitan Police Service. The U.K.'s Metropolitan Police Service awarded Capgemini U.K. a seven-year, approximately 350 million pound (\$620 million) contract to provide a range of IT services; under this contract, Unisys was awarded a significant subcontract to provide applications management and support, some data center services, and desktop support;

- * Major European Financial Institution. A contract valued at over \$70 million from a major European financial institution for new ClearPath software, hardware, and multi-year support services for running the client's retail and

mortgage operations;

* Countrywide Financial. A significant three-year contract extension from Countrywide Financial Corporation, a leading provider of diversified financial services, for Unisys to continue providing outsourced management and support services for more than 80,000 devices used by more than 30,000 Countrywide employees throughout the United States; the contract extension continues the company's three-year relationship with Countrywide Financial;

* Bavarian Ministry of Justice. A significant two-year contract extension from the Ministry of Justice in Bavaria, the largest state in Germany, under which Unisys will continue to provide a range of infrastructure managed services to help the ministry modernize and manage its IT infrastructure; Unisys has been providing services to the Ministry of Justice since 2002;

* Land Transport New Zealand. A significant seven-year outsourcing contract with Land Transport New Zealand under which Unisys will provide infrastructure and IT management services for the Landata and Drivers License Register systems, which contain comprehensive vehicle and driver information for the country of New Zealand; the contract continues Unisys 13-year relationship with the client.

Revenue in the U.S. grew 4% in the quarter to \$689 million. Revenue in international markets increased 3% in the quarter to \$881 million.

The company's gross profit margin and operating profit margin in the quarter were 24.1% and 2.3%, respectively, compared with 17.2% and (5.2%) in the fourth quarter of 2004. The year-over-year margin improvement was driven by higher technology revenue, partially offset by higher pension expense and reflecting the year-ago asset impairment charge. Excluding pension expense in both periods but including the fourth-quarter 2004 asset impairment charge, overall gross profit margin and operating profit margin for the fourth quarter of 2005 were 26.0% and 5.2%, respectively, compared with 18.3% and (3.6%) in the fourth quarter of 2004.

FOURTH-QUARTER BUSINESS SEGMENT RESULTS

Customer revenue in the company's services segment increased 1% in the fourth quarter of 2005 compared with the year-ago period. The company saw mid single-digit growth in outsourcing and infrastructure services, which was partially offset by a double-digit revenue decline in core maintenance and a low single-digit decline in systems integration and consulting revenue. On a reported basis, gross profit margin in the services business improved to 13.6% from 6.2% a year ago, while the services operating margin improved to (2.0)% compared with (9.4%) a year ago. The year-ago services margins reflected the asset impairment charge discussed above. Excluding the impact of pension expense in both periods but including the fourth-quarter 2004 asset impairment charge, services gross profit margin improved to 16.0% from 7.5% a year ago, while services operating margin improved to 0.9% compared with (7.8%) a year ago.

Customer revenue in the company's technology segment increased 11% in the fourth quarter driven primarily by higher sales of enterprise servers. On a reported basis, technology gross profit margin improved to 56.2% from 54.2% a year ago, and technology operating margin improved to 16.7% from 12.0% a year ago. Excluding the impact of pension expense in both periods, the technology gross profit margin increased to 56.5% in the fourth quarter of 2005 from 54.3% in the year-ago quarter and the technology operating margin increased to 18.7% compared with 12.8% in the year-ago period. The technology margin increases in the quarter reflected higher sales and margin in enterprise servers and specialized technology.

CASH FLOW RESULTS

Unisys generated \$260 million of cash from operations in the quarter compared with cash flow from operations of \$227 million in the year-ago quarter. Capital expenditures in the fourth quarter of 2005 were \$87 million, including \$60 million invested in revenue-generating projects. This compared to capital expenditures of \$123 million in the year-ago quarter, including \$83 million in revenue-generating projects. After deducting for capital expenditures, Unisys generated \$172 million of free cash flow in the quarter compared with \$104 million in the fourth quarter of 2004. Unisys ended 2005 with \$643 million of cash on hand.

CONFERENCE CALL

Unisys will hold a conference call today at 8:15 a.m. Eastern Time to discuss its results. The listen-only Webcast, as well as the accompanying presentation materials, can be accessed via a link on the Unisys Investor Web site at www.unisys.com/investor. Following the call, an audio replay of the Webcast, and accompanying presentation materials, can be accessed through the same link.

ABOUT UNISYS

Unisys is a worldwide information technology services and solutions company. Our people combine expertise in consulting, systems integration, outsourcing,

infrastructure and server technology with precision thinking and relentless execution to help clients, in more than 100 countries, quickly and efficiently achieve competitive advantage. For more information, visit www.unisys.com.

FORWARD-LOOKING STATEMENTS

Any statements contained in this release that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, any projections of earnings, revenues, contract values or other financial items; any statements of the company's plans, strategies or objectives for future operations; statements regarding future economic conditions or performance; and any statements of belief or expectation. All forward-looking statements rely on assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. In particular, the company's ability to divest non-core businesses and to use the proceeds as planned is dependent upon the market for these businesses and on the company's ability to sell them for an acceptable price. As a result, the company may not implement the planned headcount reductions as quickly or as fully as currently planned. Statements in this release regarding the expected effects of the company's focused investment and sales and marketing strategies are based on various assumptions, including assumptions regarding market segment growth, client demand and the proper skill set of and training for sales and marketing management and personnel, all of which are subject to change. Statements in this release regarding the revenue increase anticipated from the new iPSL tariff arrangements are based on assumptions regarding iPSL processing volumes and costs over the 2006-2010 timeframe. Because these volumes and costs could change, the amount of anticipated revenue is not guaranteed. In addition, because iPSL is paid by its customers in British pounds, the U.S. dollar amount of revenue recognized by Unisys is subject to currency exchange rate fluctuations. Statements in this release regarding contract values are based upon various assumptions, which are subject to change, including the projected volume of products and services to be provided by Unisys, the contracts continuing for their full term, and for contracts with governmental entities, the availability of appropriated funds. Accordingly, the contract values are not guaranteed. Other risks and uncertainties that could affect the company's future results include general economic and business conditions; the effects of aggressive competition in the information services and technology markets on the company's revenues, pricing and margins and on the competitiveness of its product and services offerings; the level of demand for the company's products and services and the company's ability to anticipate and respond to changes in technology and customer preferences; the company's ability to grow outsourcing and infrastructure services and its ability to effectively and timely complete the related solutions implementations, client transitions to the new environment and work force and facilities rationalizations; the company's ability to effectively address its challenging outsourcing operations through negotiations or operationally and to fully recover the associated outsourcing assets; the company's ability to drive profitable growth in consulting and systems integration; the level of demand for the company's high-end enterprise servers; the company's ability to effectively rightsize its cost structure; the risks of doing business internationally and the potential for infringement claims to be asserted against the company or its clients. Additional discussion of these and other factors that could affect Unisys future results is contained in its periodic filings with the Securities and Exchange Commission. Unisys assumes no obligation to update any forward-looking statements.

PRESENTATION OF INFORMATION IN THIS PRESS RELEASE

This release presents information that excludes pension expense. This financial measure is considered non-GAAP. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows where amounts are either excluded or included not in accordance with generally accepted accounting principles. A reconciliation of this non-GAAP measure to the most directly comparable GAAP measure, as well as disclosure of the reasons why the company uses this measure, is included in the financial information accompanying this release.

..

###

RELEASE NO: xxxx/xxxx (See accompanying financial information)

Unisys is a registered trademark of Unisys Corporation. All other brands and products referenced herein are acknowledged to be trademarks or registered trademarks of their respective holders.

(Millions, except per share data)

	Three Months		Year	
	Ended December 31		Ended December 31	
	2005	2004	2005	2004
Revenue				
Services	\$1,270.8	\$1,253.8	\$4,788.5	\$4,724.7
Technology	298.7	270.2	970.2	1,096.0
	1,569.5	1,524.0	5,758.7	5,820.7
Costs and expenses				
Cost of revenue:				
Services	1,081.0	1,119.2	4,161.8	3,940.8
Technology	110.8	142.0	435.5	517.5
	1,191.8	1,261.2	4,597.3	4,458.3
Selling, general and administrative	269.9	265.1	1,059.9	1,102.9
Research and development	71.2	76.2	263.9	294.3
	1,532.9	1,602.5	5,921.1	5,855.5
Operating income (loss)	36.6	(78.5)	(162.4)	(34.8)
Interest expense	19.8	17.6	64.7	69.0
Other income (expense), net	10.4	6.2	56.2	27.8
Income (loss) before income taxes	27.2	(89.9)	(170.9)	(76.0)
Provision (benefit) for income taxes	58.3	(55.0)	1,561.0	(114.6)
Net income (loss)	(\$31.1)	(\$34.9)	(\$1,731.9)	\$38.6
Earnings (loss) per share				
Basic	(\$.09)	(\$.10)	(\$ 5.09)	\$.12
Diluted	(\$.09)	(\$.10)	(\$ 5.09)	\$.11
Shares used in the per share computations (thousands):				
Basic	341,656	336,873	340,216	334,896
Diluted	341,656	336,873	340,216	338,217

UNISYS CORPORATION
SEGMENT RESULTS
(Millions)

	Total	Elimi- nations	Services	Technology
	-----	-----	-----	-----
Three Months Ended December 31, 2005 -----				
Customer revenue Intersegment	\$1,569.5	(\$66.9)	\$1,270.8 4.5	\$298.7 62.4
	-----	-----	-----	-----
Total revenue	\$1,569.5	(\$66.9)	\$1,275.3	\$361.1
	=====	=====	=====	=====
Gross profit percent	24.1%		13.6%	56.2%
	=====		=====	=====
Operating profit (loss) percent	2.3%		(2.0%)	16.7%
	=====		=====	=====
Three Months Ended December 31, 2004 -----				
Customer revenue Intersegment	\$1,524.0	(\$85.2)	\$1,253.8 3.6	\$270.2 81.6
	-----	-----	-----	-----
Total revenue	\$1,524.0	(\$85.2)	\$1,257.4	\$351.8
	=====	=====	=====	=====
Gross profit percent	17.2%		6.2%	54.2%
	=====		=====	=====
Operating profit (loss) percent	(5.2%)		(9.4%)	12.0%
	=====		=====	=====
Year Ended December 31, 2005 -----				
Customer revenue Intersegment	\$5,758.7	(\$259.6)	\$4,788.5 18.7	\$970.2 240.9
	-----	-----	-----	-----
Total revenue	\$5,758.7	(\$259.6)	\$4,807.2	\$1,211.1
	=====	=====	=====	=====
Gross profit percent	20.2%		12.1%	48.4%
	=====		=====	=====
Operating profit (loss) percent	(2.8%)		(4.3%)	4.2%
	=====		=====	=====
Year Ended December 31, 2004 -----				
Customer revenue Intersegment	\$5,820.7	(\$251.8)	\$4,724.7 18.1	\$1,096.0 233.7
	-----	-----	-----	-----
Total revenue	\$5,820.7	(\$251.8)	\$4,742.8	\$1,329.7
	=====	=====	=====	=====
Gross profit percent	23.4%		14.8%	51.7%
	=====		=====	=====
Operating profit (loss) percent	(0.6%)		(1.7%)	10.2%
	=====		=====	=====

* 2004 results exclude charges for cost reductions and related actions as announced on October 6, 2004

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions)

	December 31, 2005	December 31, 2004
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$642.5	\$660.5
Accounts and notes receivable, net	1,111.5	1,136.8
Inventories		
Parts and finished equipment	103.4	93.7
Work in process and materials	90.7	122.4
Deferred income taxes	68.2	291.8
Prepaid expense and other current assets	137.0	112.4
	-----	-----
Total	2,153.3	2,417.6
	-----	-----
Properties	1,320.8	1,305.5
Less accumulated depreciation and amortization	934.4	881.4
	-----	-----
Properties, net	386.4	424.1
	-----	-----
Outsourcing assets, net	416.0	431.9
Marketable software, net	327.6	336.8
Investments at equity	207.8	197.1
Prepaid pension cost	66.1	52.5
Deferred income taxes	138.4	1,394.6
Goodwill	192.0	189.9
Other long-term assets	141.3	176.4
	-----	-----
Total	\$4,028.9	\$5,620.9
	=====	=====
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$18.1	\$1.0
Current maturities of long-term debt	58.8	151.7
Accounts payable	444.6	487.4
Other accrued liabilities	1,293.3	1,382.7
	-----	-----
Total	1,814.8	2,022.8
	-----	-----
Long-term debt	1,049.0	898.4
Accrued pension liabilities	506.9	537.9
Other long-term liabilities	690.8	655.3
Stockholders' equity (deficit)		
Common stock	3.4	3.4
Accumulated deficit	(2,108.1)	(376.2)
Other capital	3,917.0	3,883.8
Accumulated other comprehensive loss	(1,844.9)	(2,004.5)
	-----	-----
Stockholders' equity (deficit)	(32.6)	1,506.5
	-----	-----
Total	\$4,028.9	\$5,620.9
	=====	=====

UNISYS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Year Ended December 31	
	2005	2004
<hr/>		
Cash flows from operating activities		
Net income (loss)	(\$1,731.9)	\$38.6
Add (deduct) items to reconcile net income (loss) to net cash provided by operating activities:		
Equity income	(9.2)	(16.1)
Depreciation and amortization of properties	120.7	136.5
Depreciation and amortization of outsourcing assets	128.8	123.3
Amortization of marketable software	124.7	134.2
Impairment charge related to outsourcing assets		125.6
Gain on sale of facility	(15.8)	
Loss on the tender of debt	10.7	
Decrease (increase) in deferred income taxes, net	1,491.2	(41.2)
Decrease (increase) in receivables, net	34.8	(61.8)
Decrease in inventories	20.9	23.0
Decrease in accounts payable and other accrued liabilities	(61.4)	(122.1)
Increase in other liabilities	149.4	111.3
Increase in other assets	(34.3)	(16.2)
Other	53.4	34.7
	<hr/>	<hr/>
Net cash provided by operating activities	282.0	469.8
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from investments	7,726.2	6,026.5
Purchases of investments	(7,709.6)	(6,054.3)
Investment in marketable software	(125.7)	(119.6)
Capital additions of properties	(112.0)	(137.0)
Capital additions of outsourcing assets	(143.8)	(177.5)
Purchases of businesses	(1.5)	(19.4)
Proceeds from sales of properties and businesses	23.4	1.7
	<hr/>	<hr/>
Net cash used for investing activities	(343.0)	(479.6)
	<hr/>	<hr/>
Cash flows from financing activities		
Net proceeds from (reduction in) short-term borrowings	17.2	(20.0)
Proceeds from employee stock plans	12.8	38.8
Payments of long-term debt	(509.1)	(3.5)
Proceeds from issuance of long-term debt	541.5	
	<hr/>	<hr/>
Net cash provided by financing activities	62.4	15.3
	<hr/>	<hr/>
Effect of exchange rate changes on cash and cash equivalents	(19.4)	19.1
	<hr/>	<hr/>
(Decrease) increase in cash and cash equivalents	(18.0)	24.6
Cash and cash equivalents, beginning of period	660.5	635.9
	<hr/>	<hr/>
Cash and cash equivalents, end of period	\$642.5	\$660.5
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of GAAP to Non-GAAP
Financial Information

The preceding release presents information with and without pension expense. Unisys believes that this information will enhance an overall understanding of its financial performance due to the significant change in pension expense from period to period and the non-operational nature of pension expense. The presentation of non-GAAP information is not meant to be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States.

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
CONSOLIDATED STATEMENTS OF INCOME
(Millions, except per share data)

	Three Months Ended December 31, 2005		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,569.5		\$1,569.5
Costs and expenses			
Cost of revenue	1,191.8	(\$30.8)	1,161.0
Selling, general and administrative	269.9	(8.7)	261.2
Research and development	71.2	(4.8)	66.4
	1,532.9	(44.3)	1,488.6
Operating income	36.6	44.3	80.9
Interest expense	19.8		19.8
Other income (expense), net	10.4		10.4
Income before income taxes	27.2	44.3	71.5
Provision for income taxes	58.3	5.1	63.4
Net income (loss)	(\$31.1)	\$39.2	\$8.1
Earnings (loss) per share	(\$.09)	\$.11	\$.02

	Three Months Ended December 31, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,524.0		\$1,524.0
Costs and expenses			
Cost of revenue	1,261.2	(\$16.8)	1,244.4
Selling, general and administrative	265.1	(4.2)	260.9
Research and development	76.2	(2.1)	74.1
	1,602.5	(23.1)	1,579.4
Operating income (loss)	(78.5)	23.1	(55.4)
Interest expense	17.6		17.6
Other income (expense), net	6.2		6.2
Income (loss) before income taxes	(89.9)	23.1	(66.8)
Provision (benefit) for income taxes	(55.0)	7.4	(47.6)
Net income (loss)	(\$34.9)	\$15.7	(\$19.2)
Earnings (loss) per share	(\$.10)	\$.05	(\$.05)

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
CONSOLIDATED STATEMENTS OF INCOME
(Millions, except per share data)

	Year Ended December 31, 2005		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$5,758.7		\$5,758.7
Costs and expenses			
Cost of revenue	4,597.3	(\$125.8)	4,471.5
Selling, general and administrative	1,059.9	(35.8)	1,024.1
Research and development	263.9	(19.5)	244.4
	5,921.1	(181.1)	5,740.0
Operating income (loss)	(162.4)	181.1	18.7
Interest expense	64.7		64.7
Other income (expense), net	56.2		56.2
Income (loss) before income taxes	(170.9)	181.1	10.2
Provision (benefit) for income taxes	1,561.0	21.7	1,582.7
Net income (loss)	(\$1,731.9)	\$159.4	(\$1,572.5)
Earnings (loss) per share	(\$ 5.09)	\$.47	(\$ 4.62)

	Year Ended December 31, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$5,820.7		\$5,820.7
Costs and expenses			
Cost of revenue	4,458.3	(\$67.2)	4,391.1
Selling, general and administrative	1,102.9	(18.3)	1,084.6
Research and development	294.3	(8.1)	286.2
	5,855.5	(93.6)	5,761.9
Operating income (loss)	(34.8)	93.6	58.8
Interest expense	69.0		69.0
Other income (expense), net	27.8		27.8
Income (loss) before income taxes	(76.0)	93.6	17.6
Provision (benefit) for income taxes	(114.6)	30.0	(84.6)
Net income	\$38.6	\$63.6	\$102.2
Earnings per share	\$.11	\$.19	\$.30

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
SEGMENT RESULTS OF OPERATIONS
(Millions)

	Three Months Ended December 31, 2005		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment			
Total revenue	\$1,275.3		\$1,275.3
Gross profit	173.9	(\$29.8)	203.7
% of revenue	13.6%		16.0%
Operating income (loss)	(25.3)	(37.0)	11.7
% of revenue	-2.0%		0.9%
Technology Segment			
Total revenue	361.1		361.1
Gross profit	202.9	(1.0)	203.9
% of revenue	56.2%		56.5%
Operating income	60.2	(7.3)	67.5
% of revenue	16.7%		18.7%
Total Company			
Total revenue	1,569.5		1,569.5
Gross profit	377.7	(30.8)	408.5
% of revenue	24.1%		26.0%
Operating income	36.6	(44.3)	80.9
% of revenue	2.3%		5.2%

	Three Months Ended December 31, 2004		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment *			
Total revenue	\$1,257.4		\$1,257.4
Gross profit	78.2	(\$16.4)	94.6
% of revenue	6.2%		7.5%
Operating income (loss)	(118.0)	(20.1)	(97.9)
% of revenue	-9.4%		-7.8%
Technology Segment *			
Total revenue	351.8		351.8
Gross profit	190.6	(0.4)	191.0
% of revenue	54.2%		54.3%
Operating income	42.0	(3.0)	45.0
% of revenue	12.0%		12.8%
Total Company			
Total revenue	1,524.0		1,524.0
Gross profit	262.8	(16.8)	279.6
% of revenue	17.2%		18.3%
Operating income (loss)	(78.5)	(23.1)	(55.4)
% of revenue	-5.2%		-3.6%

* 2004 results exclude charges for cost reductions and related actions as announced on October 6, 2004

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
SEGMENT RESULTS OF OPERATIONS
(Millions)

	Year Ended December 31, 2005		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment			
Total revenue	\$4,807.2		\$4,807.2
Gross profit	580.5	(\$121.9)	702.4
% of revenue	12.1%		14.6%
Operating income (loss)	(207.0)	(151.6)	(55.4)
% of revenue	-4.3%		-1.2%
Technology Segment			
Total revenue	1,211.1		1,211.1
Gross profit	585.7	(3.9)	589.6
% of revenue	48.4%		48.7%
Operating income	51.0	(29.5)	80.5
% of revenue	4.2%		6.6%
Total Company			
Total revenue	5,758.7		5,758.7
Gross profit	1,161.4	(125.8)	1,287.2
% of revenue	20.2%		22.4%
Operating income (loss)	(162.4)	(181.1)	18.7
% of revenue	-2.8%		0.3%

	Year Ended December 31, 2004		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment *			
Total revenue	\$4,742.8		\$4,742.8
Gross profit	702.2	(\$65.7)	767.9
% of revenue	14.8%		16.2%
Operating income (loss)	(82.8)	(81.1)	(1.7)
% of revenue	-1.7%		0.0%
Technology Segment *			
Total revenue	1,329.7		1,329.7
Gross profit	686.8	(1.5)	688.3
% of revenue	51.7%		51.8%
Operating income	136.0	(12.5)	148.5
% of revenue	10.2%		11.2%
Total Company			
Total revenue	5,820.7		5,820.7
Gross profit	1,362.4	(67.2)	1,429.6
% of revenue	23.4%		24.6%
Operating income (loss)	(34.8)	(93.6)	58.8
% of revenue	-0.6%		1.0%

* 2004 results exclude charges for cost reductions and related actions as announced on October 6, 2004