SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1998.

[ ] 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 of incorporation or organization)	(I.R.S. Employer Identification No.)

Township Line and Union Meeting Roads
Blue Bell, Pennsylvania 19424
(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 [X] NO [ ]

Number of shares of Common Stock outstanding as of September 30, 1998: 255,204,678.

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEET
(Millions)

	September 30, 1998 (Unaudited)	December 31, 1997
Assets		
Current assets		
Cash and cash equivalents	$ 781.1	$ 803.0
Accounts and notes receivable, net	942.3	967.3
Inventories		
Finished equipment and supplies	286.3	289.7
Work in process and raw materials	253.9	271.1
Deferred income taxes	460.8	461.4

Other current assets	97.6	94.0
Total	2,822.0	2,886.5
Properties	1,730.5	1,774.1
Less-Accumulated depreciation	1,163.9	1,192.9
Properties, net	566.6	581.2
Investments at equity	197.4	215.7
Software, net of accumulated amortization	252.8	259.0
Prepaid pension cost	808.6	762.4
Deferred income taxes	665.7	665.7
Other assets	189.1	220.8
Total	$ 5,502.2	$5,591.3
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	$ 44.8	$ 40.6
Current maturities of long-term debt	145.0	213.1
Accounts payable	850.9	817.1
Other accrued liabilities	1,191.2	1,307.2
Dividends payable	26.6	26.6
Estimated income taxes	244.8	172.8
Total	2,503.3	2,577.4
Long-term debt	1,270.5	1,438.3
Other liabilities	355.3	369.7
Stockholders' equity		
Preferred stock	1,420.0	1,420.1
Common stock, issued: 1998,256.5 1997, 250.2	2.6	2.5
Accumulated deficit	(1,568.3)	(1,736.8)
Other capital	1,518.8	1,520.1
Stockholders' equity	1,373.1	1,205.9
Total	$ 5,502.2	$5,591.3

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
(Millions, except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	1998	1997	1998	1997
Revenue	$1,781.4	$1,621.4	$5,159.6	$4,737.4
Costs and expenses				
Cost of revenue	1,181.2	1,046.4	3,417.3	3,108.3
Selling, general and administrative	326.5	340.0	985.3	1,010.6
Research and development	73.9	74.5	216.8	222.2
	1,581.6	1,460.9	4,619.4	4,341.1
Operating income	199.8	160.5	540.2	396.3
Interest expense	42.7	59.5	131.8	179.4
Other income (expense), net	(7.7)	(20.2)	(20.2)	(39.0)
Income before income taxes	149.4	80.8	388.2	177.9
Estimated income taxes	53.8	29.9	139.8	65.8
Net income	95.6	50.9	248.4	112.1
Dividends on preferred shares	26.6	26.6	79.9	84.5
Earnings on common shares	$ 69.0	$ 24.3	$ 168.5	$ 27.6
Earnings per common share				
Basic	$ .27	$ .14	$ .67	$ .16
Diluted	$ .26	$ .13	$ .64	$ .16

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(Millions)

	Nine Months Ended September 30	
	1998	1997
Cash flows from operating activities		
Net income	$ 248.4	$ 112.1
Add (deduct) items to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	105.9	116.8
Amortization:		
Marketable software	84.7	67.1
Goodwill	7.2	35.9
Decrease in deferred income taxes, net	.6	
Decrease in receivables, net	16.6	142.6
Decrease in inventories	20.5	44.1
(Decrease) in accounts payable and other accrued liabilities	(106.9)	(545.3)
Increase (decrease)in estimated income taxes	72.0	(2.9)
Increase (decrease)in other liabilities	15.7	(63.3)
(Increase) decrease in other assets	(16.3)	78.6
Other	(8.9)	4.1
Net cash provided by (used for) operating activities	439.5	(10.2)
Cash flows from investing activities		
Proceeds from investments	1,448.3	1,241.2
Purchases of investments	(1,444.8)	(1,206.2)
Proceeds from marketable securities		4.8
Proceeds from sales of properties	1.1	5.1
Investment in marketable software	(78.5)	(89.3)
Capital additions of properties	(111.3)	(136.0)
Purchases of businesses		(21.5)
Net cash used for investing activities	(185.2)	(201.9)
Cash flows from financing activities		
Redemption of redeemable preferred stock		(150.0)
Proceeds from issuance of debt	195.2	
Principal payments of debt	(438.8)	
Net proceeds from short-term borrowings	4.2	7.1
Dividends paid on preferred shares	(79.9)	(86.4)
Proceeds from employee stock plans	61.2	2.7
Net cash used for financing activities	(258.1)	(226.6)
Effect of exchange rate changes on cash and cash equivalents	(18.1)	(24.5)
Net cash used for continuing operations	(21.9)	(463.2)
Net cash used for discontinued operations		(11.7)
(Decrease) in cash and cash equivalents	(21.9)	(474.9)
Cash and cash equivalents, beginning of period	803.0	1,029.2
Cash and cash equivalents, end of period	$ 781.1	$ 554.3

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 shares used in the computations of earnings per share are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Basic	253,322	173,132	250,910	173,120
Diluted	268,836	221,883	265,943	175,947

b. Comprehensive income for the three and nine months ended September 30, 1998 and 1997, includes the following components (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Net income	$ 95.6	$50.9	$248.4	$112.1
Other comprehensive income (loss)				
Foreign currency translation adjustment	(35.6)	(28.4)	(90.3)	(91.0)
Related tax expense (benefit)	(.1)	4.9	(2.3)	13.9
Total other comprehensive income (loss)	(35.5)	(33.3)	(88.0)	(104.9)
Comprehensive income (loss)	$ 60.1	$ 17.6	$ 160.4	$ 7.2

Accumulated other comprehensive income (loss), (all of which relates to foreign currency translation adjustments) as of September 30, 1998 and December 31, 1997 is as follows (in millions):

	September 30, 1998	December 31, 1997
Balance at beginning of period	$(448.1)	$(390.1)
Translation adjustments	(88.0)	(58.0)
Balance at end of period	$(536.1)	$(448.1)

c. Certain prior year balance sheet amounts have been reclassified to conform to the 1998 presentation.

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

Results of Operations

For the three months ended September 30, 1998, the Company reported net income of $95.6 million, or $.26 per common share on a diluted basis, compared to $50.9 million, or $.13 per common share on a diluted basis, for the three months ended September 30, 1997.

Total revenue for the quarter ended September 30, 1998 was $1.78 billion, up 10% from revenue of $1.62 billion for the quarter ended September 30, 1997. Excluding the negative impact of foreign currency fluctuations, revenue in the current quarter rose 12%. Total gross profit percent was 33.7% in the third quarter of 1998 compared to 35.5% in the year-ago period reflecting the Company's shift to higher growth, lower-margin services businesses.

For the three months ended September 30, 1998, selling, general and administrative expenses were $326.5 million compared to $340.0 million for the three months ended September 30, 1997. The decline was largely due to the Company's cost reduction programs as well as stringent controls over all discretionary expenditures. Research and development expenses were $73.9 million compared to $74.5 million a year earlier.

For the third quarter of 1998, the Company reported an operating income percent(operating income as a percent of total revenue) of 11.2% compared to 9.9% for the second quarter of 1997.

Information by business unit is presented below (in millions):

	Total	Eliminations	Information Services	Global Customer Services	Computer Systems
Three Months Ended September 30, 1998					
Customer revenue	$1,781.4		$640.6	$597.7	$543.1
Intercompany		$(121.9)	1.2	18.6	102.1
Total revenue	$1,781.4	$(121.9)	$641.8	$616.3	$645.2
Gross profit percent	33.7%		23.4%	25.0%	46.6%
Operating income percent	11.2%		4.1%	10.3%	17.3%
Three Months Ended September 30, 1997					
Customer revenue	$1,621.4		$513.9	$535.8	$571.7
Intercompany		$(124.0)	4.5	12.9	106.6
Total revenue	$1,621.4	$(124.0)	$518.4	$548.7	$678.3
Gross profit percent	35.5%		21.1%	27.0%	46.2%
Operating income percent	9.9%		(1.9)%	9.3%	16.4%

Customer revenue in the quarter from Information Services was $640.6 million, up 25% from $513.9 million in 1997 principally as a result of growth in systems integration and repeatable solutions. The gross profit percent was 23.4% in the current quarter compared to 21.1% in the year-ago period. This increase reflects the continued benefits from improved quality and discipline in the screening and preparation of proposals and in service delivery, continued benefits from completing problem contracts, and the continued focus on higher-growth, higher-margin solution programs. Information Services operating income percent was 4.1% for the third quarter of 1998 compared to a negative 1.9% for the third quarter of 1997.

In Global Customer Services, customer revenue for the three months ended September 30, 1998 was $597.7 million, up 12% from $535.8 million for the three months ended September 30, 1997. The increase was due to growth in distributed computing support services revenue, which more than offset a continuing decline in core maintenance revenue. The gross profit percent for Global Customer Services was 25.0% compared to 27.0% in the year-ago quarter. Margins in this business continue to be impacted by the commoditization of hardware components within network integration projects and the ongoing shift from higher margin proprietary maintenance toward lower margin distributed computing support services. The operating income percent for the third quarter of 1998 was 10.3% compared to 9.3% last year.

Computer Systems customer revenue for the third quarter of 1998 was $543.1 million, down 5% from $571.7 million in the third quarter of 1997. In the quarter, an increase in ClearPath revenue and software revenue was offset by a decline, as expected, in personal computer revenue. This reflects the Company's previously announced decision to focus its technology resources on enterprise-class servers and outsource the supply of notebooks, PCs, and entry-level servers. Computer Systems gross profit percent was 46.6% compared to 46.2% last year. The operating income percent for the third quarter of 1998 was 17.3% compared to 16.4% last year.

Interest expense for the three months ended September 30, 1998 was $42.7 million compared to $59.5 million for the three months ended September 30, 1997. The decline was principally due to the Company's debt reduction program.

Other income (expense), net, which can vary from quarter to quarter, was an expense of $7.7 million in the current quarter compared to an expense of $20.2 million in the year-ago quarter. The change was mainly due to lower goodwill amortization due to the December 1997 write-off of goodwill related to the Sperry/Burroughs merger and higher interest income.

Income before income taxes was $149.4 million, or 8.4% of revenue, in the third quarter of 1998 compared to $80.8 million, or 5.0% of revenue, last year. The provision for income taxes was $53.8 million in the current period compared to $29.9 million in the year-ago period.

For the nine months ended September 30, 1998, net income was $248.4 million, or $.64 per diluted common share, compared to net income of $112.1 million, or $.16 per diluted common share, last year. Revenue was $5.16 billion compared to $4.74 billion for the first nine months of 1997.

Effective January 1, 1998, the Company changed the functional currency of its Brazilian operations from the U.S. dollar to the Brazilian local currency because the Brazilian economy is no longer considered highly inflationary. This change did not have a material effect on the Company's consolidated financial position, consolidated results of operations, or liquidity.

Effective January 1, 1998, the Company adopted the American Institute of Certified Public Accountants Statement of Position ("SOP") 97-2, "Software Revenue Recognition" and 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". SOP 97-2 provides guidance on applying generally accepted accounting principles in recognizing revenue on software transactions and SOP 98-1 provides guidance on accounting for the costs of computer software developed or obtained for internal use. Adoption of SOP 97-2 and 98-1 did not have a material effect on the Company's consolidated financial position, consolidated results of operations, or liquidity.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, which is effective for the year beginning January 1, 2000, establishes accounting and reporting standards for derivative instruments and for hedging activities. SFAS No. 133 requires a company to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Management is evaluating the impact this statement may have on the Company's financial statements.

Financial Condition

Cash and cash equivalents at September 30, 1998 were $781.1 million compared to $803.0 million at December 31, 1997. During the nine months ended September 30, 1998 cash provided by operations was $439.5 million compared to a year-ago cash usage of $10.2 million. The increase in cash provided of $449.7 million was due in large part to higher net income and improved working capital management, including improvements in inventory turns and accounts receivable days outstanding. In addition, in 1997, management reduced the amount of sales of accounts receivable, which negatively impacted cash flow from operations by $142.0 million in the first nine months of 1997.

Cash used for investing activities during the first nine months of 1998 was $185.2 million compared to $201.9 million during the first nine months of 1997.

Cash used for financing activities during the nine months ended September 30, 1998 was $258.1 million compared to $226.6 million in the year-ago period. Included in the current period were principal payments of debt of $438.8 million partially offset by proceeds of $195.2 million from issuance of debt. Last year's usage included $150.0 million for the redemption of Series B and C Cumulative Convertible Preferred Stock.

On January 30, 1998, the Company issued $200 million of 7 7/8% senior notes due 2008. The net proceeds from the sale of the notes were used to call $200 million principal amount of the 10 5/8% senior notes due 1999. On February 5, 1998, the Company redeemed all $197.5 million of its 9 1/2% senior notes due on July 15, 1998.

On September 15, 1998, the Company made a $30 million sinking fund payment, which included a $20 million optional prepayment, on its 9 3/4% sinking fund debentures.

At September 30, 1998, total debt was $1.5 billion, a decline of $231.7 million from December 31, 1997.

On October 1, 1998, the Company redeemed at par the remaining $130 million outstanding of its 10 5/8% notes, one year ahead of the due date in October 1999. On November 2, 1998, the Company announced that it had called the remaining $160 million of its 9 3/4% sinking fund debentures. The debentures will be redeemed on December 4, 1998 at the stated redemption price of 103.61% of principal, plus accrued interest. These early redemptions and the September 1998 prepayments mentioned above will save the Company more than $30 million in annual interest expense and cash. The Company will record an extraordinary after-tax charge of approximately $5 million, or $.02 per diluted share, in the fourth quarter to cover these redemptions.

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 an effective registration statement covering $700 million of debt or equity securities, which enables the Company to be prepared for future market opportunities.

In June 1998, the Company entered into a $400 million, three-year credit agreement. The new facility replaced the Company's more restrictive $200 million credit agreement established in September 1997. As of September 30, 1998, there were no borrowings outstanding under the agreement.

Given its improved financial condition, in October 1998 the Company terminated its U.S. facility used to sell accounts receivable. As a result of the discontinuance of this facility, operational cash flow will be reduced by $120 million in the fourth quarter of 1998.

In May 1998, Moody's Investor Service raised its credit rating on the Company's senior long-term debt to Ba3 from B1. In June 1998, Standard & Poor's Corporation raised its credit rating on the Company's senior long-term debt to BB- from B+. The credit rating on the Company's senior long-term debt by Duff & Phelps Credit Rating Co. is BB.

At September 30, 1998, the Company had deferred tax assets in excess of deferred tax liabilities of $1,421 million. For the reasons cited below, management determined that it is more likely than not that $1,034 million of such assets will be realized, therefore resulting in a valuation allowance of $387 million.

The Company evaluates quarterly the realizability of its net deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income, which is adjusted by applying probability factors and available tax planning strategies that could be implemented to realize deferred tax assets. The combination of these factors is expected to be sufficient to realize the $1,034 million of net deferred tax assets. Approximately $3.0 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets.

The Company's net deferred tax assets include substantial amounts of net operating loss and tax credit carryforwards. 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 $167.2 million during the nine months ended September 30, 1998, principally reflecting net income of $248.4 million and proceeds from the issuance of stock related to stock option and employee plans of $61.2 million, offset in part by preferred stock dividends declared of $79.9 million and translation adjustments of $88.0 million.

Year 2000 Readiness Disclosure

Many computer systems and embedded technology may experience problems handling dates beyond the year 1999 and therefore may need to be modified prior to the year 2000 in order to remain functional. The Company is taking steps to ensure both the readiness of its product offerings to customers and the readiness of its internal systems for handling dates beginning in the year 2000.

As part of its development efforts, the Company's current product offerings have been designed or are being redesigned to be Year 2000 Ready, as defined by the Company. However, certain of the Company's hardware and software products currently used by customers will require upgrades or other remediation to become Year 2000 Ready. Some of these products are used in critical applications where the impact of non-performance to these customers and other parties could be significant. The Company has taken steps to notify customers of the year 2000 issue, provide information and resources on the Company's Year 2000 web site, emphasize the importance of customer testing of their own systems in their own unique business environment and offer consulting services to assist customers in assessing their year 2000 risk.

The Company is also in the process of assessing the year 2000 readiness of its key suppliers. The Company's reliance on suppliers, and therefore, on the proper functioning of their products, information systems and software, means that their failure to address year 2000 issues could affect the Company's business. However, the potential impact and related costs are not known at this time. The Company is in the process of inquiring about the year 2000 readiness of key suppliers providing services to the Company. It is also in the process of trying to obtain year 2000 readiness warranties from key vendors supplying product to the Company for incorporation into the Company's products or for resale. The Company expects to identify alternate sources or strategies where necessary if significant exposure is identified.

The Company's year 2000 internal systems effort involves three stages: inventory and assessment of its hardware, software and embedded systems, remediation or replacement of those that are not year 2000 ready and testing the systems. In 1997, the Company completed an inventory and year 2000 assessment of its internal information technology ("IT") systems, and developed a work plan to remediate non-compliant systems or replace or consolidate these systems as part of the Company's efforts to reduce and simplify, on a worldwide basis, its IT systems. The Company is initially focusing on the IT systems that are critical to running its business. The Company expects to complete the remediation or replacement/consolidation of such systems by March, 1999 and to complete integrated testing of these systems by mid 1999. The Company expects to remediate or replace/consolidate its other IT systems by mid 1999 and to test these systems through 1999.

The Company has completed an inventory and assessment of a significant portion of its key non-IT systems, such as data and voice communications, building management and manufacturing systems, and expects to complete the balance by the end of 1998. The Company is in the process of remediating those systems that are not year 2000 ready and expects to have such remediation and testing completed by mid 1999.

The Company estimates that, as of September 30, 1998, the cost of remediating its internal systems has been approximately $10 million and that it expects to spend approximately $5 million for the balance of 1998 and 1999. The Company is funding this effort through normal working capital. This estimate does not include the cost of replacing or consolidating IT systems in connection with the Company's worldwide IT simplification project which was undertaken for reasons unrelated to year 2000 issues, potential costs related to any customer or other claims, the costs associated with making the Company's product offerings Year 2000 Ready and the costs of any disruptions caused by suppliers not being year 2000 ready. This estimate is based on a current assessment of the year 2000 projects and is subject to change as the projects progress.

Although the Company does not believe that it will incur material costs or experience material disruptions in its business associated with the year 2000, there can be no assurance that the Company will not experience serious unanticipated negative consequences and/or material costs. The Company may see increased customer satisfaction costs related to year 2000 over the next few years. In addition, some commentators have stated that a significant amount of litigation may arise out of year 2000 compliance issues, and the Company is aware of a growing number of lawsuits against information technology and solutions providers. Although the Company believes it has taken adequate measures to address year 2000 issues, because of the unprecedented nature of such litigation, it is uncertain to what extent the Company may be affected by it. It is also unknown whether customer spending patterns may be impacted by the year 2000 issue. Efforts by customers to address year 2000 issues may absorb a substantial part of their IT budgets in the near term, and customers may either accelerate or delay the purchase of new applications and systems. While this behavior may increase demand for certain of the Company's products and services, including its year 2000 offerings, it could also soften demand. These events could affect the Company's revenues or change its revenue patterns. In addition, there can be no assurance that the Company's current product offerings do not contain undetected errors or defects associated with year 2000 date functions that may result in increased costs to the Company. With respect to its internal systems, the worst case scenarios might include corruption of data contained in the Company's internal IT systems, hardware failures, the failure of the

Company's significant suppliers and the failure of infrastructure services provided by utilities and other third parties such as electricity, phone service, water transport and internet services. The Company currently has not developed contingency plans in the event it does not complete all phases of its year 2000 program. The Company plans to evaluate the status of completion of its year 2000 program in the second quarter of 1999 and determine whether such plans are necessary.

Factors That May Affect Future Results

From time to time, the Company provides information containing "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995. 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. In addition to changes in general economic and business conditions and natural disasters, these include, but are not limited to, the factors discussed below.

The Company operates in an industry characterized by aggressive competition, rapid technological change, evolving technology standards, and short product life cycles. Future operating results will depend on the Company's ability to design, develop, introduce, deliver, or obtain new products and services on a timely and cost-effective basis; on its ability to mitigate the effects of competitive pressures and volatility in the information technology and services industry on revenues, pricing, and margins; on its ability to effectively manage the shift of its business mix away from traditional high-margin product and services offerings; and on its ability to successfully attract and retain highly skilled people.

Certain of the Company's systems integration contracts are fixed-price contracts under which the Company assumes the risk for the delivery of the contracted services at an agreed-upon price. Future results will depend on the Company's ability to profitably perform these services contracts and bid and obtain new contracts.

Approximately 56% 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, and import or export licensing requirements.

In the course of providing complex, integrated solutions to customers, the Company frequently forms alliances with third parties that have complementary products, services, or skills. Future results will depend in part on the performance and capabilities of these third parties, including their ability to deal effectively with the year 2000 issue. Future results will also depend upon 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.

Future results may also be adversely affected by a delay in, or increased costs associated with, the implementation of the year 2000 actions discussed above, or by the Company's inability to implement them.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

As previously reported, most recently in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998, the Company is involved in two lawsuits with Ceska Sporitelna, a savings bank in the Czech Republic (the "Bank"). The disputes relate to contracts entered into in 1992 and 1994 between the Bank and certain of the Company's foreign subsidiaries to design and implement a computer system, including hardware and custom software, for the Bank's headquarters and branch offices throughout the Czech Republic. In the first action, the Company is a defendant in Ceska Sporitelna, a.s. v. Unisys Corporation, filed in the United States District Court for the Eastern District of Pennsylvania in June, 1996. The Bank alleges that Unisys made a series of fraudulent misrepresentations in connection with these contracts. The Bank seeks to recover more than $100 million, together with punitive damages. The Company believes it has meritorious defenses to these allegations and intends to defend them vigorously. The Company has filed a counterclaim in this action alleging fraud, negligent misrepresentation, intentional interference with prospective business relations and breach of contract by the Bank, and the Company seeks to recover more than $100 million, together with punitive damages. Trial is currently scheduled for January, 1999. In the second action, the Company's subsidiary, Unisys International Services B.V., is the plaintiff in an arbitration captioned Unisys International Services B.V. v. Ceska Sporitelna, filed in March, 1998, in Vienna, Austria. Unisys International seeks to recover, among other amounts, approximately $21.1 million from the Bank for hardware, software and services delivered to and used by the Bank.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index

(b) Reports on Form 8-K

During the quarter ended September 30, 1998, the Company filed no Current Reports on Form 8-K

SIGNATURES

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

UNISYS CORPORATION

Date: November 13, 1998

By: /s/ Robert H. Brust

Robert H. Brust
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/Janet M. Brutschea Haugen

Janet M. Brutschea Haugen
Vice President and Controller
(Chief Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
10	Unisys Corporation Executive Life Insurance Plan, effective September 12, 1998
11.1	Statement of Computation of Earnings Per Share for the nine months ended September 30, 1998 and 1997
11.2	Statement of Computation of Earnings Per Share for the three months ended September 30, 1998 and 1997
12	Statement of Computation of Ratio of Earnings to Fixed Charges
27	Financial Data Schedule

UNISYS CORPORATION
Executive Life Insurance Plan
Effective September 12, 1998

Article 1 - Establishment and Purpose

1.1 Establishment.

The Unisys Corporation Executive Life Insurance Plan (the "Plan") is established September 12, 1998. The Plan as set forth herein, unless otherwise stated, is effective and applicable only for Participants terminating active employment on or after September 12, 1998.

1.2 Purpose.

The purpose of the Plan is to provide life insurance protection under a split-dollar arrangement as a benefit to certain executive employees of the Employer, in order to encourage such employees to continue their employment with the Employer, to reward such employees for their service with the Employer, and to induce desirable persons to enter into the Employer's employ in the future. The Plan supersedes the Prior Plan and the life insurance policies thereunder to replace the life insurance protection provided to a Participant under the Prior Plan with the life insurance protection provided under this Plan.

Article 2 - Definitions

Except as otherwise provided, the following terms have the definitions hereinafter indicated whenever used in this Plan with initial capital letters:

2.1 Base Salary.

"Base Salary" means a Participant's annualized base salary, exclusive of overtime, bonuses and other compensation, in effect at the time of the Participant's death or earlier Retirement.

2.2 Beneficiary.

"Beneficiary" means the person, persons, entity or entities designated to be the recipient of the Participant's share of the proceeds of a Policy.

2.3 Collateral Assignment Split-Dollar Agreement.

"Collateral Assignment Split-Dollar Agreement" means the written agreement entered into by the Company and an Eligible Employee pursuant to which such Eligible Employee becomes a Participant in the Plan as of the date specified in such agreement.

2.4 Committee.

"Committee" means the Executive Life Insurance Plan Committee, which shall be composed of the Senior Vice President, Worldwide Human Resources and the Staff Vice President, Strategic and Executive Compensation.

2.5 Company.

"Company" means Unisys Corporation, a Delaware corporation, and its successors and assigns.

2.6 Eligible Employee.

"Eligible Employee" means an Employee who is an elected officer of the Company or any other Employee who is selected by the Committee to participate in the Plan. Retired Employees are not eligible for this Plan.

2.7 Employee.

"Employee" means any person who is or was before Retirement employed by an Employer on a regular, full-time salaried basis as an executive employee, including officers of the Employer.

2.8 Employer.

"Employer" means the Company and its subsidiaries.

2.9 Insurer.

"Insurer" means the insurance company that provides life insurance coverage on a Participant under the Plan or the insurance company to whom application for such coverage has been made.

2.10 Participant.

"Participant" means an Eligible Employee who is participating in the Plan.

2.11 Plan.

"Plan" means the Unisys Corporation Executive Life Insurance Plan as set forth herein together with any and all amendments and supplements hereto.

2.12 Policy.

"Policy" means, with respect to each Employee, any policy of individual life insurance on the Employee's life which the Employee acquires or otherwise utilizes pursuant to Article 5 to provide benefits under the Plan.

2.13 Policy Proceeds.

"Policy Proceeds" means the aggregate amount payable by the Insurer pursuant to the Policy to the Participant's Beneficiary and the Employer upon the death of the Participant.

2.14 Prior Plan.

"Prior Plan" means the UNISYS Executive Life Insurance Plan which provided life insurance coverage through a group life insurance contract issued by Cigna and Pacific Life.

2.15 Retirement.

"Retirement" means termination of an Employee's employment with the Employer, for reasons other than death, on or after the date the Employee reaches the Employee's earliest retirement date under a retirement plan sponsored by the Employer.

2.16 Total Compensation.

"Total Compensation" means the total of the Participant's Base Salary plus Target Annual Bonus.

Article 3 - Plan Rights and Obligations

The rights of Participants are set forth herein. Each Participant is bound by the terms of the Plan. As a condition of participation in this Plan, an Eligible Employee's participation in the Prior Plan sponsored by the Employer shall terminate as of the date specified in the Eligible Employee's Agreement on which the Eligible Employee becomes a Participant in this Plan.

Article 4 - Amount of Coverage

4.1 Basic Pre-Retirement Coverage.

The amount of life insurance coverage to be provided to a Participant while the Participant continue to be employed by the Employer shall be equal to two and one-half (2.5) times the Participant's Base Salary (coverage rounded up, if necessary, to the next $1,000,000). The Basic Pre-Retirement Coverage is provided without evidence of insurability.

4.2 Basic Post-Retirement Coverage.

The amount of life insurance coverage to be provided to a Participant after the Participant's Retirement shall be equal to two and one-half (2.5) times the Participant's Base Salary (coverage rounded up, if necessary to the next $1,000), subject to a minimum of $500,000 and a maximum of $1,000,000. The Basic Post-Retirement Coverage is provided without evidence of insurability.

4.3 Supplemental Pre-Retirement Coverage.

The Participant will be allowed to purchase additional coverage subject to the terms of the Plan to increase the total life insurance benefit up to a maximum of four (4) times the Participant's Total Compensation, when including the Basic Pre-Retirement Coverage, described in paragraph 4.1. The Supplemental Pre-Retirement Coverage will require full underwriting and death benefits will only be provided to the extent of the coverage issued by the carrier.

4.4 Supplemental Post-Retirement Coverage.

The Participant will be allowed to purchase an unlimited amount of additional post-retirement life insurance coverage by using a portion or all of the Participant's Short-Term Incentive Compensation (EVC). The Company will not participate in the purchase of any Supplemental Post-Retirement

Coverage.

4.5 Estate Planning Option.

The Participant may elect to include a spouse under a joint-life second-to-die (survivorship) policy for the same amount of combined Basic and Supplemental Coverage. This election is an alternative option and is not being offered in addition to the coverage described in paragraphs 4.1 through 4.4. Full underwriting will be required for the participant's spouse.

4.6 Termination of Participation and Coverage: Repayment of Premiums.

Termination of a Participant's participation hereunder will occur upon any of the following events: (1) termination of the Plan, (2) failure of the Participant to pay contributions within the time prescribed by the Committee, (3) termination of the Participant's employment with the Employer for reasons other than the Participant's death or Retirement, or (4) the termination of the Collateral Assignment Agreement at the Employee's retirement or, if later, fifteen years from the date of issuance of the Policy. Thereafter, the Participant shall have no life insurance coverage under this Plan, but the Policy will be distributed to the Employee with its residual cash values.

Article 5 - Policy Ownership and Rights

5.1 Introduction.

The provisions of this Article establish certain rights and obligations of the Employer and each Participant with respect to the Policy (or Policies) used to provide benefits under this Plan. The terms of this Article shall apply separately to each Participant.

5.2 Acquisition of Policy.

The Participant shall apply for a Policy. The Employer and the Participant shall take all reasonable actions to (1) cause the Insurer to issue the Policy, and (2) cause the Policy to conform to the provisions of this Plan. The Policy shall be subject to the terms and conditions of this Plan. Participants failing to take reasonable actions to cause the Policy to be issued in a timely manner will not be eligible for Benefits under this Plan.

5.3 Policy Ownership.

The Participant shall be the sole and absolute owner of the Policy and may exercise all ownership rights granted to the owner by terms of the Policy, except as may otherwise be provided within the Plan.

5.4 Participant's Obligation to the Employer.

The Participant shall be obligated to repay the Employer the aggregate amount that the Employer pays on behalf of the Participant under the Plan.

5.5 Collateral Assignment.

The Participant shall assign the Policy to the Employer to secure the Participant's obligation under Section 5.4 by completing a Collateral Assignment Agreement.

5.6 Beneficiary Designation.

The Participant will be able to select the Beneficiary to receive the death benefit to which the Participant is entitled under Article 4 of this Plan. The Employer shall be the Beneficiary of the portion of the death benefit needed to repay the Participant's obligation under this Plan.

5.7 Investment Decisions.

Prior to the Participant's retirement or termination of this Plan, the Employer shall reserve the right to select the investments within the Policy, if any. After the Employer's obligation is satisfied, under paragraph 5.4, the Participant will have full control of the mix of investment vehicles available within the Policy.

5.8 Assignment of Participant's Interest.

The Participant may elect to transfer his/her rights in the Policy, but not the rights assigned to the Employer, to a third party, such as a life insurance trust. If a transfer of rights is made, the Participant will not have any further rights in the Policy or this Plan.

5.9 Limitations on Participant's Rights in the Policy.

Except as provided in the Plan, the Participant shall not sell, assign, transfer, borrow against, surrender or cancel the Policy, change the beneficiary designation provision, nor change any other part of the Policy without the written consent of the Employer.

Article 6 - Death Benefits

6.1 Prompt Collection.

Upon the death of a Participant, the Employer with the cooperation of the Beneficiary, shall promptly take all action necessary to initiate payment by the Insurer of the Policy Proceeds.

6.2 Division of Policy Proceeds.

A death benefit equal to the amount of life insurance coverage to which the Participant is entitled under Article 4 of this Plan, if any, shall be paid directly from the Insurer to the Participant's designated Beneficiary, and any remaining Policy Proceeds shall be paid to the Employer, provided that in no event shall the portion of the Policy proceeds paid to the Employer be more than the amount to which the Employer is entitled pursuant to Section 7.2.

To the extent that the death benefit is insufficient to pay the Basic Coverage due to the Participant under Articles 4.1 and 4.2 and reimburse the Employer in Article 7.2, the Employer shall ensure that the full death benefit is paid under the Basic Coverage. To the extent that the death benefit exceeds the amount due to the Participant under Article 4 plus the amount due the Employer in Article 7.2, the excess benefit will be paid to the Participant's designated Beneficiary. To the extent the death benefit is insufficient to meet all payment requirements, the following priority will be effective:

First	Payment of Participant's Basic Coverage due under Article 4.1 & 4.2
Second	Repayment of the Employer due under Article 7.2
Third	Payment of Supplemental Coverage due under Articles 4.3 & 4.4

6.3 Interest on Policy Proceeds.

Any interest payable by the Insurer with respect to a Beneficiary's share of the Policy Proceeds shall be paid to the Beneficiary and any interest payable by the Insurer with respect to the Employer's share of the Policy Proceeds shall be paid to the Employer.

Article 7 - Policy Premiums

7.1 Payment of Premiums and Participant Contributions.

The Employer shall pay the premiums on each Policy to the Insurer on or before the due date or within the grace period provided therein.

7.2 Repayment To Company.

The Employer shall be repaid from the Policy Proceeds or cash surrender value of each Policy the amount of the premiums on the Policy which the Employer paid hereunder (not including any contributions by a participant), reduced by the outstanding balance of any indebtedness which was incurred by the Employer and secured by the Policy, including any interest due on such indebtedness. Any such indebtedness shall be satisfied out of the Policy Proceeds or cash surrender value of the Policy. In no event shall the amount repaid to the Employer exceed the amount of the Policy Proceeds or cash surrender value of the Policy remaining after satisfaction of any such indebtedness.

Article 8 - Plan Administration

8.1 Named Fiduciary; Administration.

The Committee is hereby designated as the named fiduciary under this Plan. The named fiduciary shall have authority to control and manage the operation and administration of this Plan, and it shall be responsible for establishing and carrying out a funding policy and method consistent with the objectives of this Plan. The Committee shall also have the power to establish, adopt, or revise such rules, regulations, procedures and forms as it may deem advisable for the administration of the Plan. The interpretation and construction of the Plan by the Committee and any action taken thereunder, shall be binding and conclusive upon all parties in interest. No member of the Committee shall, in any event, be liable to any person for any action taken or omitted to be taken in connection with the interpretation, construction or administration of the Plan, so long as such action or omission to act is made in good faith. (Members of the Committee shall be eligible to participate in the Plan while serving as members of the Committee, but a member of the Committee shall not vote or act upon any matter that relates solely to such member's interest in the Plan as a Participant.)

8.2 Determination of Benefits.

The Committee shall make all determinations concerning eligibility to participate, rights to benefits, the amount of benefits, and any other question under this Plan. Any decision by the Committee denying a claim by a Participant or Beneficiary for benefits under this Plan shall be stated in writing and delivered or mailed to the Participant or Beneficiary. Such decision shall set forth the specific reasons for the denial written in a manner calculated to be understood by the Participant or Beneficiary. In addition, the Committee shall afford a reasonable opportunity to the Participant or Beneficiary for a full and fair review of the decision denying such claim.

Article 9 - General Provisions

9.1 No Contract of Employment.

Nothing contained herein shall be construed to be a contract of employment of any term of years, nor as conferring upon an Employee the right to continue in the employ of the Company in any capacity.

9.2 Amendment and Termination of Plan.

The Company, through action of the Compensation and Organization (C&O) Committee of its Board of Directors, may, in its sole discretion, amend or terminate the Plan in whole or in part at any time. In addition, without limiting the foregoing, the C&O Committee shall delegate to the Executive Life Insurance Plan Committee the power to amend the Plan on behalf of the Company where such amendment would not result in a material increase in the cost of the Plan for the Company. The Plan will also terminate, without notice, upon the total cessation of the business of the Company or upon the bankruptcy, receivership or dissolution of the Company.

9.3 Conflicting Provisions.

In the event of a conflict between the provisions of this Plan and the provisions of any collateral assignment, beneficiary designation or other document related to a Policy, the provisions of the Plan shall prevail.

9.4 Notice.

Any notice, consent, or demand required or permitted to be given under the provisions of this Plan shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent, or demand is mailed, it shall be sent by Untied States certified mail, postage prepaid, addressed to such party's last known address as shown on the records of the Company. If notice, consent or demand is sent to the Company, it shall be sent to:

Executive Compensation
MS-B381
Township Line & Union Meeting Road
Blue Bell, Pennsylvania 19424-0001

The date of such mailing shall be deemed the date of notice, consent, or demand. Either party may change the address to which notice is to be sent by giving notice of the change of address in the manner aforesaid.

9.5 Governing Law.

This Plan shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

9.6 Gender, Singular and Plural.

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

9.7 Captions.

The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

9.8 Validity.

In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

9.9 Binding Effect.

This Plan shall be binding upon, and inure to the benefit of the Employer and its successors and assigns, and the Participants and their successors, assigns, heirs, executors, administrators and beneficiaries.

EXHIBIT 11.1

UNISYS CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(UNAUDITED)
(Millions, except share data)

	1998	1997
Basic Earnings Per Common Share		
Net income	$ 248.4	$ 112.1
Less dividends on preferred shares	(79.9)	(84.5)
Net income available to common stockholders	$ 168.5	$ 27.6
Weighted average shares	250,909,816	173,120,399
Basic earnings per share	$ .67	$ .16
Diluted Earnings Per Common Share		
Net income available to common stockholders	$ 168.5	$ 27.6
Plus impact of assumed conversions		
Interest expense on 8 1/4% Convertible Notes due 2006, net of tax	1.2	
Net income available to common stockholders plus assumed conversions	$ 169.7	$ 27.6
Weighted average shares	250,909,816	173,120,399
Plus incremental shares from assumed conversions		
Employee stock plans	11,020,766	2,826,217
8 1/4% Convertible Notes due 2006	4,012,508	
Adjusted weighted average shares	265,943,090	175,946,616
Diluted earnings per share	$ .64	$ .16
The average shares listed below were not included in the computation of diluted earnings per share because to do so would have been antidilutive for the periods presented.		
8 1/4% convertible notes due 2006		43,490,909
8 1/4% convertible notes due 2000		33,696,405
Series A preferred stock	47,449,470	47,454,016

EXHIBIT 11.2

UNISYS CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(UNAUDITED)
(Millions, except share data)

	1998	1997
Basic Earnings Per Common Share		
Net income	$ 95.6	$ 50.9
Less dividends on preferred shares	(26.6)	(26.6)
Net income available to common stockholders	$ 69.0	$ 24.3
Weighted average shares	253,321,980	173,131,975
Basic earnings per share	$ .27	$ .14
Diluted Earnings Per Common Share		
Net income available to common stockholders	$ 69.0	$ 24.3
Plus impact of assumed conversions		
Interest expense on 8 1/4% Convertible Notes due 2006, net of tax	.4	4.1
Net income available to common stockholders plus assumed conversions	$ 69.4	$ 28.4
Weighted average shares	253,321,980	173,131,975
Plus incremental shares from assumed conversions		
Employee stock plans	11,538,799	5,260,148
8 1/4% Convertible Notes due 2006	3,975,247	43,490,909
Adjusted weighted average shares	268,836,026	221,883,032
Diluted earnings per share	$ .26	$ .13
The average shares listed below were not included in the computation of diluted earnings per share because to do so would have been antidilutive for the periods presented.		
8 1/4% convertible notes due 2000		33,694,440
Series A preferred stock	47,448,144	47,453,877

Exhibit 12

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

	Nine Months Ended Sept.30, 1998	Years Ended December 31 1997	1996	1995	1994	1993
Income (loss) from continuing operations before income taxes	$388.2	$(758.8)	$ 93.7	$(781.1)	$ 14.6	$370.9
Add (deduct) share of loss (income) of associated companies	(2.1)	5.9	(4.9)	5.0	16.6	14.5
Subtotal	386.1	(752.9)	88.8	(776.1)	31.2	385.4
Interest expense (net of interest capitalized)	131.8	233.2	249.7	202.1	203.7	241.7
Amortization of debt issuance expenses	3.6	6.7	6.3	5.1	6.2	6.6
Portion of rental expense representative of interest	42.2	56.2	59.2	65.3	65.0	70.5
Total Fixed Charges	177.6	296.1	315.2	272.5	274.9	318.8
Earnings (loss) from continuing operations before income taxes and fixed charges	$563.7	$(456.8)	$404.0	$(503.6)	$306.1	$704.2
Ratio of earnings to fixed charges	3.17	(a)	1.28	(a)	1.11	2.21

(a) Earnings for the years ended December 31, 1997 and 1995 were inadequate to cover fixed charges by approximately $752.9 and $776.1 million, respectively.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED
FROM THE FINANCIAL STATEMENTS INCLUDED IN THE COMPANY'S FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998 AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
1,000,000

9-MOS
DEC-31-1998
SEP-30-1998
781
0
977
(67)
540
2,822
1,731
(1,164)
5,502
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1,271
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1,420
3
(50)
5,502
2,001
5,160
1,092
3,417
0
4
132
388
140
248
0
0
0
248
.67
.64