

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)

March 20, 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 2.05. COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES

On March 20, 2006, Unisys Corporation announced that it will use the proceeds from the sale of its shares in Nihon Unisys, Ltd. (see Item 8.01 below) to begin its previously announced workforce reductions of 10 percent, or roughly 3,600 employees worldwide. The initial stage of the workforce reductions will affect roughly 3,000 employees and is expected to be completed by the end of September 2006. The company is in the process of estimating the amount of charges to be incurred in respect of the initial stage of the workforce reductions. The company has previously disclosed that it expects to take charges of approximately \$250-\$300 million through 2006 in respect of headcount reductions.

ITEM 8.01. OTHER EVENTS

Sale of Shares in Nihon Unisys, Ltd.

On March 20, 2006, Unisys Corporation announced that it had completed the sale of 30.2 million, or 99 percent, of the shares it owned in Nihon Unisys, Ltd. (NUL), a publicly traded Japanese company. On March 23, 2006, Unisys sold the

remainder of its NUL shares. Unisys received gross proceeds of approximately \$378 million from these sales and will recognize a pre-tax gain of approximately \$147 million in the first quarter of 2006. NUL will remain the exclusive distributor of Unisys hardware and software in Japan.

At December 31, 2005, Unisys owned approximately 29% of the voting common stock of NUL. The company accounted for this investment by the equity method, and, at December 31, 2005, the amount recorded in the company's books for the investment, after the reversal of a minimum pension liability adjustment, was \$243 million. During the years ended December 31, 2005, 2004 and 2003, the company recorded equity income related to NUL of \$9.1 million, \$16.2 million and \$18.2 million, respectively. These amounts were recorded in "Other income (expense), net" in the company's consolidated statements of income.

Changes to U.S. Pension Plans

On March 22, 2006, the company announced that it has adopted changes to its U.S. defined benefit pension plans effective December 31, 2006 and will significantly increase matching contributions to its defined contribution savings plan beginning January 1, 2007. The press release is filed as Exhibit 99 hereto.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) The following Exhibits are filed herewith:

99 Press release of Unisys Corporation dated March 22, 2006

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: March 23, 2006

By: /s/ Joseph M. Munnelly

Joseph M. Munnelly
Vice President and
Corporate Controller

EXHIBIT INDEX

Exhibit
No.

99 Press release of Unisys Corporation dated March 22, 2006

Investor Contact:

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Media Contacts:

John Schneidawind, 215-986-2472
John.Schneidawind@unisys.com

UNISYS ANNOUNCES CHANGES TO U.S. PENSION PLANS AS PART OF ONGOING COMMITMENT TO STAY COMPETITIVE AND REDUCE COSTS

BLUE BELL, Pa., March 22, 2006 - Unisys Corporation (NYSE: UIS) today announced that it has adopted changes to its U.S. defined benefit pension plans effective December 31, 2006, and will significantly increase matching contributions to its defined contribution savings plan beginning January 1, 2007.

The changes to the U.S. plans are part of a global effort by Unisys to provide a competitive retirement program while controlling the level and volatility of retirement costs. They would reduce retirement-related expenses by approximately \$700 million over the next decade, based on current interest rates and actuarial assumptions.

The changes to the U.S. pension plans affect most U.S. employees and senior management. They include:

- * Ending the accrual of future benefits in the company's defined benefit pension plans for employees while not affecting retirement benefits that employees will have earned as of December 31, 2006, provided they are vested at the time their employment ends. There will be no new entrants to the plans after December 31, 2006.

- * Redesigning the Unisys Savings Plan to increase the company-funded stock-based matching contribution to 100 percent of the first 6 percent of eligible pay contributed by participants, up from the current 50 percent of the first 4 percent of eligible pay contributed by participants.

- * The changes do not affect the vested accrued pension benefits of former employees, including Unisys retirees.

As a result of stopping the accruals for future benefits in its U.S. defined benefit pension plans, Unisys will record a one-time pre-tax curtailment gain of approximately \$45 million in the first quarter of 2006. Based on the changes to the U.S. plans and including the \$45 million curtailment gain, the company expects its 2006 pension expense worldwide to be approximately \$168 million, down from \$181 million in 2005.

"Contributing to our employees' retirements while keeping Unisys competitive in the marketplace is an issue we have been giving thoughtful consideration to for some time," said Joseph W. McGrath, Unisys president and chief executive officer. "We think these changes have struck the appropriate balance between controlling our pension costs and continuing to help our employees prepare for retirement."

Additional information on the company's retirement-related expenses can be found on the Unisys Investor Web Site at www.unisys.com/investor.

About Unisys

Unisys is a worldwide technology services and solutions company. Our consultants apply Unisys expertise in consulting, systems integration, outsourcing, infrastructure, and server technology to help our clients achieve secure business operations. We build more secure organizations by creating visibility into clients' business operations. Leveraging Unisys 3D Visible Enterprise, we make visible the impact of their decisions - ahead of investments, opportunities and risks. 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. 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. Statements in this release regarding the expected reduction in retirement-related expenses over the next decade and expected pension expense in 2006 are based on actuarial assumptions and on assumptions regarding interest rates and currency exchange rates, all of which are subject to change. Accordingly, the expected reduction and expense amounts are not guaranteed. A discussion of factors that could affect Unisys future results is contained in periodic filings with the Securities and Exchange Commission.

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http://www.unisys.com/about__unisys/news_a_events/03228636.htm

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