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 June 30, 2002

[ ] 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.)

Unisys Way 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 June 30, 2002: 323,183,887.

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEET
(Millions)

	June 30, 2002 (Unaudited)	December 31, 2001
Assets		
Current assets		
Cash and cash equivalents	$ 201.1	$ 325.9
Accounts and notes receivable, net	958.5	1,093.7
Inventories		
Parts and finished equipment	176.2	201.6
Work in process and materials	96.8	144.2
Deferred income taxes	344.8	342.6
Other current assets	100.2	96.1
Total	1,877.6	2,204.1
Properties	1,472.2	1,460.4
Less-Accumulated depreciation	895.8	910.8
Properties, net	576.4	549.6
Investments at equity	177.3	212.3
Marketable software, net	298.1	287.9
Prepaid pension cost	1,316.8	1,221.0
Deferred income taxes	747.8	747.8
Goodwill	161.7	159.0
Other long-term assets	392.0	387.4

Total	$5,547.7	$5,769.1
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	$ 117.9	$ 78.9
Current maturities of long-term debt	1.1	2.2
Accounts payable	499.3	694.9
Other accrued liabilities	1,198.8	1,302.9
Income taxes payable	232.3	234.6
Total	2,049.4	2,313.5
Long-term debt	746.1	745.0
Other long-term liabilities	561.1	597.9
Stockholders' equity		
Common stock, shares issued: 2002, 325.1; 2001,322.5	3.3	3.2
Accumulated deficit	(821.7)	(896.5)
Other capital	3,740.3	3,712.8
Accumulated other comprehensive loss	(730.8)	(706.8)
Stockholders' equity	2,191.1	2,112.7
Total	$5,547.7	$5,769.1

See notes to consolidated financial statements.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
Revenue	$1,359.8	$1,461.4	$2,722.3	$3,085.2
Costs and expenses				
Cost of revenue	955.3	1,064.0	1,928.5	2,260.2
Selling, general and administrative expenses	245.5	276.4	490.9	521.7
Research and development expenses	62.0	75.2	127.1	151.2
	1,262.8	1,415.6	2,546.5	2,933.1
Operating income	97.0	45.8	175.8	152.1
Interest expense	18.1	17.6	35.6	33.5
Other income (expense), net	(16.0)	15.7	(28.4)	28.7
Income before income taxes	62.9	43.9	111.8	147.3
Provision for income taxes	20.7	14.6	36.9	48.7
Income before extraordinary item	42.2	29.3	74.9	98.6
Extraordinary item		(17.2)		(17.2)
Net income	$ 42.2	$ 12.1	$ 74.9	$ 81.4
Earnings per share				
Basic				
Before extraordinary item	$ .13	$ .09	$ .23	$ .31
Extraordinary item		(.05)		(.05)
Total	$ .13	$ .04	$ .23	$ .26
Diluted				
Before extraordinary item	$ .13	$ .09	$ .23	$ .31
Extraordinary item		(.05)		(.05)
Total	$ .13	$ .04	$ .23	$ .26

See notes to consolidated financial statements.

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

	Six Months Ended June 30	
	2002	2001
Cash flows from operating activities		
Income before extraordinary item	$ 74.9	$ 98.6
Add(deduct) items to reconcile income before extraordinary item to net cash provided by operating activities:		
Extraordinary item		(17.2)
Depreciation	74.6	65.0
Amortization:		
Marketable software	61.0	61.0
Deferred outsourcing contract costs	9.0	4.7
Goodwill		8.7
(Increase) in deferred income taxes, net	(2.2)	(2.8)
Decrease in receivables, net	132.6	100.2
Decrease in inventories	72.7	4.7
(Decrease) in accounts payable and other accrued liabilities	(302.5)	(356.8)
(Decrease) in income taxes payable	(2.3)	(8.7)
(Decrease) increase in other liabilities	(22.0)	190.3
(Increase) in other assets	(131.5)	(143.7)
Other	48.3	6.0
Net cash provided by operating activities	12.6	10.0
Cash flows from investing activities		
Proceeds from investments	1,476.7	1,056.6
Purchases of investments	(1,490.6)	(1,042.6)
Investment in marketable software	(71.2)	(67.8)
Capital additions of properties	(106.1)	(84.5)
Purchases of businesses	(3.9)	(2.2)
Net cash used for investing activities	(195.1)	(140.5)
Cash flows from financing activities		
Net proceeds from (reduction in) short-term borrowings	39.0	(22.3)
Proceeds from employee stock plans	16.1	19.0
Payments of long-term debt	(1.2)	(342.3)
Proceeds from issuance of long-term debt		341.2
Net cash provided by (used for) financing activities	53.9	(4.4)
Effect of exchange rate changes on cash and cash equivalents	3.8	1.6
Decrease in cash and cash equivalents	(124.8)	(133.3)
Cash and cash equivalents, beginning of period	325.9	378.0
Cash and cash equivalents, end of period	$ 201.1	$ 244.7

See notes to consolidated financial statements.

UNISYS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

a. The following table shows how earnings per share were computed for the three and six months ended June 30, 2002 and 2001 (dollars in millions, shares in thousands):

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
Basic Earnings Per Share				
Income before extraordinary item	$ 42.2	$ 29.3	$ 74.9	$ 98.6
Extraordinary item		(17.2)		(17.2)
Net income	$ 42.2	$ 12.1	$ 74.9	$ 81.4
Weighted average shares	322,832	317,658	322,150	316,984
Basic earnings per share				
Before extraordinary item	$ .13	$ .09	$ .23	$ .31
Extraordinary item		(.05)		(.05)
Total	$ .13	$ .04	$ .23	$ .26
Diluted Earnings Per Share				
Income before extraordinary item	$ 42.2	$ 29.3	$ 74.9	$ 98.6
Extraordinary item		(17.2)		(17.2)
Net income	$ 42.2	$ 12.1	$ 74.9	$ 81.4
Weighted average shares	322,832	317,658	322,150	316,984
Plus incremental shares from assumed exercise of employee stock plans	1,430	1,738	1,635	2,228
Adjusted weighted average shares	324,262	319,396	323,785	319,212
Diluted earnings per share				
Before extraordinary item	$ .13	$ .09	$ .23	$ .31
Extraordinary item		(.05)		(.05)
Total	$ .13	$ .04	$ .23	$ .26

At June 30, 2002, 34.8 million shares related to employee stock plans were not included in the computation of diluted earnings per share because the option prices are above the average market price of the company's common stock.

b. Effective January 1, 2002, the company adopted Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets." SFAS No. 142 no longer permits the amortization of goodwill and indefinite-

lived intangible assets. Instead, these assets must be reviewed annually for impairment in accordance with this statement. During the first quarter of 2002, the company performed the first of the required impairment tests of goodwill, which indicated that the company's goodwill was not impaired.

During the six months ended June 30, 2002, there was an increase in goodwill of $3.0 million related to an immaterial acquisition and all other changes were attributed to foreign currency translation adjustments. Goodwill as of June 30, 2002 was allocated by segment as follows: Technology - $117 million; Services - $45 million.

The company's net income and earnings per share for the three and six months ended June 30, 2002 and 2001 adjusted to exclude goodwill amortization was as follows (in millions of dollars, except per share amounts):

	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
Reported income before extraordinary item	$ 42.2	$ 29.3	$ 74.9	$ 98.6
Add back goodwill amortization, net of tax	-	3.8	-	7.3
Adjusted income before extraordinary item	$ 42.2	$ 33.1	$ 74.9	$105.9
Reported net income	$ 42.2	$ 12.1	$ 74.9	$ 81.4
Add back goodwill amortization, net of tax	-	3.8	-	7.3
Adjusted net income	$ 42.2	$ 15.9	$ 74.9	$ 88.7
Earnings per share before extraordinary item				
Basic and diluted earnings per share as reported	$ .13	$ .09	$ .23	$ .31
Goodwill amortization	-	.01	-	.02
Basic and diluted earnings per share as adjusted	$ .13	$ .10	$ .23	$ .33
Earnings per share				
Basic and diluted earnings per share as reported	$ .13	$ .04	$ .23	$ .26
Goodwill amortization	-	.01	-	.02
Basic and diluted earnings per share as adjusted	$ .13	$ .05	$ .23	$ .28

The company's net income and earnings per share for the three years ended December 31, 2001 adjusted to exclude goodwill amortization was as follows (in millions of dollars, except per share amounts):

	Years Ended December 31,		
	2001	2000	1999
Reported income (loss) available to common stockholders before extraordinary items	$(49.9)	$244.8	$486.1
Add back goodwill amortization, net of tax	14.1	20.1	20.9
Adjusted income (loss) available to common stockholders before extraordinary items	$(35.8)	$264.9	$507.0
Reported income (loss) on common shares	$(67.1)	$225.0	$474.0
Add back goodwill amortization, net of tax	14.1	20.1	20.9
Adjusted income (loss) on common shares	$(53.0)	$245.1	$494.9
Earnings (loss) per share before extraordinary items			
Basic			
As reported	$ (.16)	$ .78	$ 1.69
Goodwill amortization	.04	.06	.07
As adjusted	$ (.12)	$ .84	$ 1.76
Diluted			
As reported	$ (.16)	$ .77	$ 1.63
Goodwill amortization	.04	.06	.07
As adjusted	$ (.12)	$ .83	$ 1.70
Earnings (loss) per share			
Basic			
As reported	$ (.21)	$ .72	$ 1.65
Goodwill amortization	.04	.06	.07
As adjusted	$ (.17)	$ .78	$ 1.72
Diluted			
As reported	$ (.21)	$ .71	$ 1.59
Goodwill amortization	.04	.06	.07
As adjusted	$ (.17)	$ .77	$ 1.66

c. The company has two business segments: Services and Technology. Revenue classifications by segment are as follows: Services - systems integration and consulting, outsourcing, network services and core maintenance; Technology - enterprise-class servers and specialized technologies. The accounting policies of each business segment are the same as for the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. The company evaluates business segment performance on operating income exclusive of restructuring charges and unusual and nonrecurring items. All other corporate and centrally incurred costs are allocated to the business segments based principally on assets, revenue, employees, square footage or usage.

A summary of the company's operations by business segment for the three and six month periods ended June 30, 2002 and 2001 is presented below (in millions of dollars):

	Total	Corporate	Services	Technology
Three Months Ended June 30, 2002				
Customer revenue	$1,359.8		$1,039.3	$ 320.5
Intersegment		$(82.9)	14.2	68.7
Total revenue	$1,359.8	$(82.9)	$1,053.5	$ 389.2
Operating income (loss)	$ 97.0	$(11.9)	$ 61.2	$ 47.7
Three Months Ended June 30, 2001				
Customer revenue	$1,461.4		$1,084.7	$ 376.7
Intersegment		$(82.9)	18.2	64.7
Total revenue	$1,461.4	$(82.9)	$1,102.9	$ 441.4
Operating income(loss)	$ 45.8	$(10.2)	$ 9.8	$ 46.2
Six Months Ended June 30, 2002				
Customer revenue	$2,722.3		$2,088.5	$ 633.8
Intersegment		$(163.6)	25.7	137.9
Total revenue	$2,722.3	$(163.6)	$2,114.2	$ 771.7
Operating income (loss)	$ 175.8	$(15.0)	$ 113.6	$ 77.2
Six Months Ended June 30, 2001				
Customer revenue	$3,085.2		$2,260.4	$ 824.8
Intersegment		$(165.0)	31.5	133.5
Total revenue	$3,085.2	$(165.0)	$2,291.9	$ 958.3
Operating income (loss)	$ 152.1	$(19.5)	$ 36.9	$ 134.7

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Total segment operating income	$108.9	$ 56.0	$190.8	$171.6
Interest expense	(18.1)	(17.6)	(35.6)	(33.5)
Other income (expense), net	(16.0)	15.7	(28.4)	28.7
Corporate and eliminations	(11.9)	(10.2)	(15.0)	(19.5)
Total income before income taxes	$ 62.9	$ 43.9	$111.8	$147.3

d. Comprehensive income for the three and six months ended June 30, 2002 and 2001 includes the following components (in millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Net income	$ 42.2	$ 12.1	$ 74.9	$ 81.4
Other comprehensive income (loss)				
Cumulative effect of change in accounting principle (SFAS No. 133), net of tax of $1.8				3.3
Cash flow hedges				
Income (loss), net of tax of $(3.5), $.7, $(2.4) and $4.4	(6.4)	1.2	(4.4)	8.1
Reclassification adjustments, net of tax of $1.2, $(1.3), $(.6)and $(2.6)	2.2	(2.3)	(1.3)	(4.9)
Foreign currency translation adjustments, net of tax of $0, $1.7, $0 and $0	(26.4)	(59.3)	(18.3)	(60.8)
Total other comprehensive income (loss)	(30.6)	(60.4)	(24.0)	(54.3)
Comprehensive income (loss)	$ 11.6	$(48.3)	$ 50.9	$ 27.1

Accumulated other comprehensive income (loss) as of December 31, 2001 and June 30, 2002 is as follows (in millions of dollars):

	Total	Translation Adjustments	Cash Flow Hedges
Balance at December 31, 2000	$(643.7)	$(643.7)	
Change during period	(63.1)	(67.5)	$ 4.4
Balance at December 31, 2001	(706.8)	(711.2)	4.4
Change during period	(24.0)	(18.3)	(5.7)
Balance at June 30, 2002	$(730.8)	$(729.5)	$(1.3)

e. In response to the weak economic environment in 2001, the company took actions to reduce its cost structure. In the fourth quarter of 2001, the company recorded a pretax charge of $276.3 million, or $.64 per share, primarily for a work-force reduction of approximately 3,750 people (1,700 in the United States and 2,050 outside the United States). Of the total, 1,910 people left the company in 2001 with the remainder to leave in 2002. Of the total work-force reduction, 764 people accepted an early retirement program in the United States. For those employees who accepted the early retirement program, cash requirements were provided through the company's pension plan. Cash expenditures in 2001 related to the involuntary reductions were $23.3 million. These activities did not significantly affect the company's operations while they were ongoing. A further breakdown of the individual components of these costs follows:

($ in Millions)	Headcount	Work-Force Reductions(1) Total	U.S.	Int'l	Idle Lease Costs	Other(2)
Work-force reductions(1)						
Early retirement	764	$ 58.8	$ 58.8			
Involuntary reductions	3,001	145.9	18.8	$127.1		
Subtotal	3,765	204.7	77.6	127.1		
Other		71.6			$ 29.5	$ 42.1
Total charge	3,765	276.3	77.6	127.1	29.5	42.1
Utilized	(1,910)	(127.2)	(62.5)	(22.6)		(42.1)
Balance at Dec. 31, 2001	1,855	149.1	15.1	104.5	29.5	-
Utilized	(1,340)	(56.2)	(8.7)	(44.9)	(2.6)	
Additional provisions	568	20.2	1.7	17.1	1.4	
Reversal of excess reserves	(264)	(12.8)	(4.2)	(8.3)	(.3)	
Other(3)		3.4		4.3	(.9)	
Balance at June 30, 2002	819	$103.7	$ 3.9	$ 72.7	$ 27.1	$ -
Expected future cash utilization:						
2002 second half		$ 66.9	$ 2.9	$ 54.4	$ 9.6	
2003 and thereafter		36.8	1.0	18.3	17.5	

(1)Includes severance, notice pay, medical and other benefits.
(2)Includes product and program discontinuances, principally representing a provision for asset write-offs.
(3)Changes in estimates and translation adjustments.

Most of the 2001 fourth-quarter charges were related to work-force Reductions ($204.7 million), principally severance costs. Other employee-related costs are not significant. Approximately $58.8 million of this total was funded from the company's U.S. pension plan. The remainder of the cost related to work-force reductions as well as idle lease costs, discussed below, is being funded from the company's operating cash flow. The charge related to idle lease costs was $29.5 million and relates to contractual obligations (reduced by estimated sublease income) existing under long-term leases of vacated facilities. Estimates of the amounts and timing of sublease income were based on discussions with real estate brokers that considered the marketability of the individual property involved. The charge for product and program discontinuances was $42.1 million and principally represented capitalized marketable software and inventory related to products or programs that were discontinued at December 31, 2001. These actions have lowered the company's cost base (principally employee-related costs), thereby making the company better able to compete in the market place.

Cash expenditures related to the 2001 and prior-year restructuring charges were approximately $63 million in the six months ended June 30, 2002 compared to $30 million for the prior-year period, and are expected to be approximately $72 million (which includes approximately $5 million related to restructuring charges taken prior to 2001) for the remainder of 2002 and $42 million (which includes approximately $5 million related to restructuring charges taken prior to 2001) in total for all subsequent years, principally for work-force reductions and idle lease costs. Personnel reductions in the first half of 2002 related to these restructuring actions were 1,340 and are expected to be 819 for the remainder of the year.

As summarized above, during the six months ended June 30, 2002, the company reduced its accrued workforce reserve by $12.5 million. This reduction related to 264 employees who were designated for involuntary termination but were retained as a result of job positions that became available due to voluntary terminations or acceptance of alternative positions within the company. In addition, given the continuing weak economic environment, the company identified new restructuring actions and recorded an additional provision of $20.2 million, principally for a workforce reduction of 568 people.

f. The amount credited to stockholders' equity for the income tax benefit related to the company's stock plans for the six months ended June 30, 2002 and 2001 was $2.8 million and $3.2 million, respectively. The company expects to realize these tax benefits on future Federal income tax returns.

g. In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 rescinds SFAS No. 4 which required that all gains and losses from extinguishment of debt be reported as an extraordinary item. SFAS No. 145 also amends SFAS No. 13, Accounting for Leases," in respect to sale-leaseback transactions.

The provisions of SFAS No. 145 related to the rescission of SFAS No. 4 must be applied in fiscal years beginning after May 15, 2002. The company will adopt this statement effective January 1, 2003. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods that does not meet the criteria of Opinion 30 for classification as an extraordinary item will be reclassified from extraordinary item to other income (expense), net. Adoption of SFAS No. 145 will have no effect on the company's consolidated financial position, consolidated net income or liquidity.

h. Certain prior-year amounts have been reclassified to conform with the 2002 presentation.

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

Results of Operations

For the three months ended June 30, 2002, the company reported net income of $42.2 million, or $.13 per share, compared to $12.1 million, or $.04 per share, for the three months ended June 30, 2001. The prior-year period included an extraordinary item for the early extinguishment of debt of $17.2 million, or $.05 per share. Excluding this item, income in the prior-year period was $29.3 million, or $.09 per share.

Total revenue for the quarter ended June 30, 2002 was $1.36 billion, down 7% from revenue of $1.46 billion for the quarter ended June 30, 2001. Services revenue of $1.04 billion declined 4% from the prior year while Technology revenue of $321 million declined 15% from the prior-year period.

U.S. revenue declined 8% in the second quarter to $595 million from $646 million in the year-ago period, and revenue in international markets decreased 6% to $765 million from $816 million in the year-ago period. Currency changes had a negligible impact on revenue in the quarter.

Total gross profit was 29.7% in the second quarter of 2002 compared to 27.2% in the year-ago period, principally reflecting improvements in the Services business and a higher mix of ClearPath server sales.

For the three months ended June 30, 2002, selling, general and administrative expenses were $245.5 million (18.1% of revenue) compared to $276.4 million (18.9% of revenue) for the three months ended June 30, 2001. The decline in selling, general and administrative expenses was principally due to the effects of the company's cost reduction actions.

Research and development ("R&D") expense was $62.0 million compared to $75.2 million a year earlier. The lower level of R&D reflects changes that the company has made to improve efficiencies, consolidate R&D activities in systems integration to improve synergies, and to make use of lower-cost offshore resources for software support. Although the amount of R&D is down, the company continues to invest in high-end CMP server technology and in key programs within its industry practices.

For the second quarter of 2002, the company reported an operating income percent of 7.1% compared to 3.1% for the second quarter of 2001.

The company has two business segments: Services and Technology. Revenue classifications by segment are as follows: Services - systems integration and consulting, outsourcing, network services and core maintenance; Technology - enterprise-class servers and specialized technologies. The accounting policies of each business segment are the same as for the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. The company evaluates business segment performance on operating income exclusive of restructuring charges and unusual and nonrecurring items. All other corporate and centrally incurred costs are allocated to the business segments based principally on assets, revenue, employees, square footage or usage.

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

	Total	Eliminations	Services	Technology
Three Months Ended June 30, 2002				
Customer revenue	$1,359.8		$1,039.3	$320.5
Intersegment		$(82.9)	14.2	68.7
Total revenue	$1,359.8	$(82.9)	$1,053.5	$389.2
Gross profit percent	29.7%		21.9%	46.8%
Operating income percent	7.1%		5.8%	12.2%
Three Months Ended June 30, 2001				
Customer revenue	$1,461.4		$1,084.7	$376.7
Intersegment		$(82.9)	18.2	64.7
Total revenue	$1,461.4	$(82.9)	$1,102.9	$441.4
Gross profit percent	27.2%		19.2%	43.5%
Operating income percent	3.1%		0.9%	10.5%

In the Services segment, customer revenue was $1.04 billion, down 4% from $1.08 billion in the year-ago period, as an 8% increase in outsourcing ($347 million in the second quarter of 2002 compared to $322 million in the prior period) was more than offset by a 14% decline in network services ($215 million in the current period compared to $250 million in the prior-year period), a 7% decline in systems integration ($341 million in the current period compared to $368 million in the prior period), and a 5% decline in core maintenance revenue ($137 million in the current period compared to $145 million in the prior period). The decline in network services revenue was principally due to reduced low-margin commodity hardware sales as part of network services projects compared to the year-ago period. The Services segment gross profit percent increased to 21.9% in the current quarter from 19.2% in the prior period, and its operating profit percent increased to 5.8% in the current quarter compared to 0.9% in the year-ago period. The company achieved these margin improvements by being selective in pursuing higher value-added business opportunities, de-emphasizing low-margin commoditized areas of the market, growing its annuity-based outsourcing business, and resizing its workforce to meet business demand.

In the Technology segment, customer revenue declined 15% to $321 million in the second quarter of 2002 from $377 million in the prior-year period. Demand in the Technology segment remained weak industry-wide as customers deferred spending on new computer hardware and software. Sales of specialized technology products declined 36% to $80 million in the second quarter of 2002 from $125 million in the second quarter of 2001. Sales of enterprise servers declined 4% to $240 million from $252 million in the year-ago quarter, primarily reflecting lower sales of the company's Intel based ES Server line. The gross profit percent in the Technology segment was 46.8% in the current quarter compared to 43.5% in the prior period. Operating profit in this segment increased to 12.2% in the current quarter from 10.5% in 2001, primarily reflecting an increase in the percentage of ClearPath server sales, which have a higher gross profit margin, as well as the effects of the company's cost reduction actions.

Interest expense for the three months ended June 30, 2002 was $18.1 million compared to $17.6 million for the three months ended June 30, 2001.

Other income (expense), net was an expense of $16.0 million in the current quarter compared to income of $15.7 million in the year-ago quarter. In the current quarter, other income (expense), net includes a charge of $21.8 million relating to the company's share of an early retirement charge recorded by Nihon Unisys, Ltd. ("NUL"). The company owns approximately 28% of the common stock of NUL and accounts for its investment by the equity method. Other income (expense), net also included foreign exchange losses, principally in Latin America, of $1.3 million in the current period compared to foreign exchange gains of $12.5 million in the year-ago period.

Income before income taxes was $62.9 million in the second quarter of 2002 compared to $43.9 million last year. The provision for income taxes was $20.7 million in the current period compared to $14.6 million in the year-ago period. The effective tax rate in both periods was 33%.

During the three months ended June 30, 2002, the company reduced its accrued workforce reserve by $12.5 million. This reduction related to 264 employees who were designated for involuntary termination but were retained as a result of acceptance of job positions that became available due to voluntary terminations or acceptance of alternative positions within the company. In addition, given the continuing weak economic environment, the company identified new restructuring actions and recorded an additional provision of $20.2 million, principally for a workforce reduction of 568 people.

Pension income for the three months ended June 30, 2002 was approximately $34 million compared to approximately $42 million for the three months ended June 30, 2001. The principal reason for the decline was that effective January 1, 2002, the company reduced its expected long-term rate of return on plan assets for its U.S. pension plan to 9.5% from 10.0%. This change will cause 2002 pension income in the U.S. to decline by approximately $24 million from the 2001 amount. The company records pension income or expense, as well as other employee-related costs such as FICA and medical insurance costs, in operating income in the following income statement categories: cost of sales, selling, general and administrative expenses, and research and development expenses. The amount allocated to each line is based on where the salaries of the active employees are charged.

For the six months ended June 30, 2002, net income was $74.9 million, or $.23 per share, compared to net income of $81.4 million, or $.26 per share, last year. The prior-year period included an extraordinary item for the early extinguishment of debt of $17.2 million, or $.05 per share. Excluding this item, income in the prior-year period was $98.6 million, or $.31 per diluted share. Revenue for the six months ended June 30, 2002 was $2.72 billion, down 12% from $3.09 billion for the six months ended June 30, 2001.

Financial Condition

Cash and cash equivalents at June 30, 2002 were $201.1 million compared to $325.9 million at December 31, 2001.

For the six months ended June 30, 2002, cash provided by operations was $12.6 million compared to cash provided of $10.0 million for the six months ended June 30, 2001. Cash expenditures in the six months ended June 30, 2002 related to prior-year restructuring charges (which are included in operating activities) were approximately $63 million compared to $30 million in the prior-year period. These expenditures are expected to be approximately $72 million for the remainder of 2002 and $42 million in total for all subsequent years, principally for work-force reductions and idle lease costs. Personnel reductions in the first half of 2002 related to these restructuring actions were 1,340 and are expected to be 819 for the remainder of the year. See Note e of the Notes to Consolidated Financial Statements.

Cash used for investing activities for the six months ended June 30, 2002 was $195.1 million compared to $140.5 million during the six months ended June 30, 2001. The increase was principally due to net purchases of investments of $13.9 million for the six months ended June 30, 2002 compared to net proceeds from investments of $14.0 million in the prior-year period, as well as higher current period additions to properties, principally related to the outsourcing business.

Cash provided by financing activities during the six months ended June 30, 2002 was $53.9 million compared to cash used of $4.4 million in the prior year, principally due to net proceeds from short-term borrowings of $39.0 million for the six months ended June 30, 2002 compared to a net reduction in short-term borrowings of $22.3 million in the prior-year period.

At June 30, 2002, total debt was $865.1 million, an increase of $39.0 million from December 31, 2001. The debt to capital ratio was 28% at June 30, 2002 and December 31, 2001.

The company has a three-year $450 million credit agreement. As of June 30, 2002, there were no borrowings under this facility. Borrowings under the agreement bear interest based on the then current LIBOR or prime rates and the company's credit rating. The credit agreement contains financial and other covenants, including maintenance of certain financial ratios, a minimum level of net worth and limitations on certain types of transactions, which could reduce the amount the company is able to borrow. Events of default under the credit agreement include failure to perform covenants, material adverse change, change of control and default under other debt aggregating at least $25 million. If an event of default were to occur under the credit agreement, the lenders would be entitled to declare all amounts borrowed under it immediately due and payable. The occurrence of an event of default under the credit agreement could also cause the acceleration of obligations under certain other agreements and the termination of the company's U.S. trade accounts receivable facility described below.

The company and certain international subsidiaries have access to certain uncommitted lines of credit from various banks. Other sources of short-term funding are operational cash flows, including customer prepayments, and the company's U.S. trade accounts receivable facility. Using this facility, the company sells, on an on-going basis, up to $225 million of its eligible U.S. trade accounts receivable through a wholly owned subsidiary, Unisys Funding Corporation I. At June 30, 2002, receivables of $157 million were sold and therefore removed from the accompanying consolidated balance sheet. The facility is renewable annually at the purchasers' option and expires in December 2003.

At June 30, 2002, the company has met all of the covenants and conditions under its various lending and funding agreements. Since the company believes that it will continue to meet these covenants and conditions, the company believes that it has adequate sources and availability of short-term funding to meet its expected cash requirements.

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

The company has on file with the Securities and Exchange Commission an effective registration statement covering $1.5 billion of debt or equity securities, which enables the company to be prepared for future market opportunities.

At June 30, 2002, the company had deferred tax assets in excess of deferred tax liabilities of $1,379 million. For the reasons cited below, management determined that it is more likely than not that $1,037 million of such assets will be realized, therefore resulting in a valuation allowance of $342 million.

The company evaluates quarterly the realizability of its deferred tax assets and adjusts the amount of the related valuation allowance, if necessary. The factors used to assess the likelihood of realization are the company's forecast of future taxable income, and available tax planning strategies that could be implemented to realize deferred tax assets. Approximately $3.2 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. See "Factors that may affect future results" below.

At the end of each year, the company determines the fair value of its pension plan assets as well as the discount rate to be used to calculate the present value of plan liabilities. The discount rate is an estimate of the interest rate at which the pension benefits could be effectively settled. In estimating the discount rate, the company looks to rates of return on high quality, fixed income investments currently available and expected to be available during the period to maturity of the pension benefits. The company specifically uses a portfolio of fixed-income securities, which on average receive at least the second highest rating given by a recognized rating agency. The discount rate is used to calculate the present value of the pension obligation at a point in time (the accumulated benefit obligation, or "ABO").

Accounting rules require a company to recognize a liability on its balance sheet for each pension plan if the fair value of the assets of that pension plan is less than the ABO. This liability is called a "minimum pension liability" and is recorded as a charge in "accumulated other comprehensive income (loss)" in stockholders' equity.

At June 30, 2002, for the company's U.S. pension plan, the fair value of pension plan assets exceeded the ABO by approximately $200 million. However, if the fair value of the U.S. pension plan assets were to decline or long-term interest rates were to fall to the extent that the ABO for the U.S. pension plan exceeded the fair value of its assets at December 31, 2002, the company would be in a minimum pension liability position.

In this case, accounting rules would require that a liability be recorded for the excess of the ABO over the fair value of pension plan assets, as described above. Accordingly, the company would record a charge to stockholders' equity in an amount equal to the minimum pension liability plus the company's U.S. pension asset of approximately $1.2 billion, net of tax. This accounting would have no effect on the company's net income, liquidity or cash flows. Financial ratios and net worth covenants in the company's credit agreement specifically exclude the effects of the charge to stockholders' equity caused by recording a minimum pension liability. If at the following year-end (December 31, 2003), the fair value of the pension plan assets exceeds the ABO, the charge to stockholders' equity would be reversed.

Stockholders' equity increased $78.4 million during the six months ended June 30, 2002, principally reflecting net income of $74.9 million, $24.7 million for issuance of stock under stock option and other plans, and $2.8 million of tax benefits related to employee stock plans, partially offset by currency translation of $24.0 million.

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. These other factors include, but are not limited to, those discussed below.

The company's business is affected by changes in general economic and business conditions. It also could be affected by acts of war, terrorism or natural disasters. During 2002, the company is facing a very challenging economic environment. In this environment, many organizations are delaying planned purchases of information technology products and services. If the level of demand for the company's products and services does not increase or if it declines in the future, the company's business could be adversely affected.

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

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

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

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

Future results will also depend in part on the company's ability to drive profitable growth in systems integration and consulting. The company's systems integration and consulting business has been adversely affected by the recent economic slowdown. In this economic environment, customers have been delaying systems integration projects. The company's ability to grow profitably in this business will depend in part on an improvement in economic conditions and a pick-up in demand for systems integration projects. It will also depend on the success of the actions the company has taken to enhance the skills base and management team in this business and to refocus the business on integrating best-of-breed, standards-based solutions to solve client needs. In addition, profit margins in this business are largely a function of the rates the company is able to charge for services and the chargeability of its professionals. If the company is not able to maintain the rates it charges or appropriate chargeability for its professionals, profit margins will suffer. The rates the company is able to charge for services are affected by a number of factors, including: clients' perception of the company's ability to add value through its services; introduction of new services or products by the company or its competitors; pricing policies of competitors; and general economic conditions. Chargeability is also affected by a number of factors, including: the company's ability to transition employees from completed projects to new engagements; and its ability to forecast demand for services and thereby maintain an appropriate head count.

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

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

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

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

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

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

Approximately 57% of the company's total revenue derives from international operations. The risks of doing business internationally include foreign currency exchange rate fluctuations, changes in political or economic conditions, trade protection measures, import or export licensing requirements, multiple and possibly overlapping and conflicting tax laws, and weaker intellectual property protections in some jurisdictions.

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

Part II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The company's 2002 Annual Meeting of Stockholders (the "Annual Meeting") was held on April 25, 2002 in Philadelphia, Pennsylvania.

(b) The following matters were voted upon at the Annual Meeting and received the following votes:

1. Election of Directors as follows:

   J.P. Bolduc - 277,684,581 votes for; 5,233,024 votes withheld

   James J. Duderstadt - 277,715,175 votes for; 5,202,430 votes withheld

   Denise K. Fletcher - 277,961,528 votes for; 4,956,077 votes withheld

   Kenneth A. Macke - 277,693,189 votes for; 5,224,416 votes withheld

2. A proposal to ratify the selection of the company's independent auditors - 271,207,440 votes for; 9,788,573 votes against; 1,921,592 abstentions

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index

(b) Reports on Form 8-K

During the quarter ended June 30, 2002, 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: August 13, 2002

By: /s/ Janet M. Brutschea Haugen

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

By: /s/ Carol S. Sabochick

Vice President and
Corporate Controller
(Chief Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
10.1	Letter Agreement dated June 3, 2002 between Unisys Corporation and Joseph W. McGrath
10.2	Amendment dated July 25, 2002 to Employment Agreement between Unisys Corporation and Lawrence A. Weinbach
12	Statement of Computation of Ratio of Earnings to Fixed Charges

Exhibit 10.1

June 3, 2002

Mr. Joseph W. McGrath
Executive Vice President
President, Global Industries
Unisys Corporation
Unisys Way
Blue Bell, PA 19424

Dear Joe:

You are presently employed by Unisys Corporation (the "Corporation") as Executive Vice President and President, Global Industries. The purpose of this letter agreement (the "Agreement") is to set forth the terms and conditions that will apply should your employment with the Corporation be terminated by the Corporation without "cause" (as defined below) or by you for "good reason" (as defined below). This Agreement shall be effective from the date hereof through December 31, 2004.

Your employment may be terminated by the Corporation at any time with or without cause. However, in the event that your employment is terminated by Unisys without "cause" (as defined below) or you terminate your employment for "good reason" (as defined below) before December 31, 2004, you will be entitled to the following:

(1) You will continue to be paid your base salary (at its then current rate on the date of termination of employment) for a period of two years following your termination of employment. Such termination payments will be made in the same manner and at the same times as the base salary payments would have been paid during employment and the period during which such payments are to be made will be referred to as the "Salary Continuation Period".

(2) If termination of employment occurs prior to the EVC Plan payout date for the previous EVC award year, you will be eligible to receive an EVC award for such previous award year in an amount determined under the normal EVC Plan procedures as if you had continued to be employed through the EVC payout date for such year. Any EVC payment will be paid in the same manner and at the same time that such EVC payment would have been made had you continued to be employed. (For purposes of this Agreement, "EVC" means Executive Variable Compensation or any successor annual bonus and "EVC Plan" means the Unisys Executive Variable Compensation Plan or any successor annual bonus plan in which you participate.)

(3) You will be eligible to receive an EVC payment for the year in which termination of employment occurs in an amount determined under the normal EVC Plan procedures as if you had continued to be employed through the EVC payout date for such year, but prorated to take into account your actual period of employment for such year. Any EVC payment will be paid in the same manner and at the same time that such EVC payment would have been made had you continued to be employed.

(4) You will be eligible to receive annual EVC awards for each year of the Salary Continuation Period. Any EVC award payable for the first year of the Salary Continuation Period will be paid on the normal EVC payment date for officers of the Corporation for the EVC award year in which occurs the first anniversary of your termination of employment and any EVC award payable for the second year of the Salary Continuation Period will be paid on the normal EVC payment date for officers of the Corporation for the EVC award year in which occurs the second anniversary of your termination of employment. The amount of the EVC award for the first year of the Salary Continuation Period will be equal to (a) the amount of the continued base salary payments made to you under Section (1) during such first year, times (b) the percentage of funding approved by the Board of Directors for the corporate level EVC pool under the EVC Plan for the EVC award year in which occurs the first anniversary of your termination of employment, times (c) your target EVC percentage in effect on your termination date. The amount of the EVC award for the second year of the Salary Continuation Period will be equal to (a) the amount of the continued base salary payments made to you under Section (1) during such second year, times (b) the percentage of funding approved by the Board of Directors for the corporate level EVC pool under the EVC Plan for the EVC award year in which occurs the second anniversary of your termination of employment, times (c) your target EVC percentage in effect on your termination date.

(5) You and your eligible dependents will be eligible to continue to participate, at the same costs applicable to active employees, in the Unisys Medical and Dental Plans through the Salary Continuation Period, subject, however, to the generally applicable terms of such plans.

(6) The Salary Continuation Period will be counted as Credited Service for you for purposes of the Unisys Elected Officer Pension Plan (regardless of whether you become "employed", as defined below, after your termination of employment with the Corporation) and the termination payments paid to you under Sections (1) through (4) above prior to the date on which you become "employed" with an entity other than Unisys will be considered as eligible compensation for purposes of such Plan. For purposes of this Section (6), you will be considered to be "employed" if you provide services to any other entity as an employee, independent contractor, consultant, officer or director (provided that service as an outside director of another entity will not be considered as employment to the extent that the fees received by you for such services are based on the same fee structure as is paid to other outside directors of the entity).

You agree to accept the termination payments described above as the sole and exclusive remedy against Unisys for any claims arising out of your employment relationship, including, but not limited to, the termination thereof. Except as provided in Section (6) above, the special termination payments described above shall not be considered as compensation for purposes of any employee benefit plan, including, but not limited to, the Unisys Pension Plan and the Unisys Savings Plan.

The amounts payable to you hereunder will be reduced by the amount of cash compensation, if any, earned by you if you become "employed", as defined in Section (6), after your termination of employment with the Corporation. You will promptly advise the Senior Vice President, Worldwide Human Resources of the Corporation of any facts that could cause such a reduction in the amounts payable to you under this Agreement. Upon written notice from the Corporation, you will promptly reimburse to the Corporation any overpayments made to you as a result of your receipt of the cash compensation described above.

For purposes of this agreement, "cause" means intentional dishonesty; conviction of a felony; or your conviction of a misdemeanor involving moral turpitude that, in the opinion of Unisys, impairs your ability to substantially perform your job; gross neglect of your duties; engaging in conduct which is against the best interest of Unisys, including but not limited to conduct which violates the Unisys Code of Ethical Conduct; your continued failure to adequately perform your job duties, provided that Unisys has given you a written notice identifying the manner in which it believes that you have failed to adequately perform your job duties and you fail to cure your inadequate performance within 30 days of receiving such notice; your inability to perform your duties because of a mental or physical disability which extends for a period of six months; your death. "Good reason" means a reduction in your base pay or annual bonus target as such amounts may be increased from time to time; the assignment to you of job duties inconsistent with your position as Executive Vice President and President, Global Industries (or such other position to which you may be appointed during the term of this Agreement), unless as a result of a promotion; any material reduction in your responsibilities or status unless such reduction or change is (a) for cause, as defined above, or (b) is done with your written consent. You recognize that the dynamic nature of Unisys business may result in changes in your duties, responsibilities and status. It is agreed that the assignment to you of duties comparable to the duties of your position and changes in your responsibilities or status that are not material reductions thereof, will not constitute "good reason" under this Agreement.

In the event that you are terminated by the Corporation for cause, as defined above, or you terminate your employment for other than good reason, as defined above, or your termination of employment occurs after December 31, 2004, no amounts will be payable to you hereunder and termination payments, if any, shall be paid under the normal terms of the retirement, welfare, incentive, fringe and perquisite programs in which you participate at your termination date.

The payments under this agreement are not intended to duplicate payments under any other Unisys agreement or severance program, including, without limitation, the Employment Agreement applicable to Unisys elected officers which covers and takes effect only upon change in control situations, as defined therein. To the extent that you may be entitled to receive duplicate payments under this and any other Unisys agreement or program, the provisions of that agreement or program which is most favorable to you or provides you with the greater benefit shall be effective.

Any dispute or controversy arising under or in connection with this agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association in Philadelphia, Pennsylvania.

Sincerely,

Lawrence A. Weinbach

Chairman, President, and Chief Executive Officer

CC: David O. Aker

Accepted: ________________________ Date: __________________
Joseph W. McGrath

Exhibit 10.2

August 6, 2002

Mr. Lawrence A. Weinbach
c/o Unisys Corporation
Unisys Way
Blue Bell, Pennsylvania 19424

Dear Larry:

The purpose of this letter agreement is to amend the terms of your April 25, 2002 Employment Agreement (the "Employment Agreement"), as follows:

1. Section 3 (b) of the Employment Agreement is hereby amended and restated to read as follows:

> "(b) Effective as of April 25, 2002, you will be awarded a stock option grant under the terms of the 1990 Long-Term Incentive Plan for 500,000 shares of Unisys common stock, which award will vest 20% per year commencing on the first anniversary of the date of grant and will have a term of ten years. The exercise price for the grant will be two times the Fair Market Value (as defined in the 1990 Unisys Long-Term Incentive Plan) of Unisys common stock on the date of grant."

If the foregoing is acceptable to you, please sign and return to us the enclosed copy of this Agreement.

Very truly yours,

UNISYS CORPORATION

By: ____________________________
Kenneth A. Macke; Chairman
Corporate Governance and
Compensation Committee
Board of Directors

The foregoing is accepted:

____
Lawrence A. Weinbach

EXHIBIT 12

Exhibit 12

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

	Six Months Ended June 30, 2002	Years Ended December 31 2001	2000	1999	1998	1997
Fixed charges						
Interest expense	$ 35.6	$ 70.0	$ 79.8	$127.8	$171.7	$233.2
Interest capitalized during the period	6.0	11.8	11.4	3.6	-	-
Amortization of debt issuance expenses	1.3	2.7	3.2	4.1	4.6	6.7
Portion of rental expense representative of interest	27.0	53.9	42.2	46.3	49.1	51.8
Total Fixed Charges	69.9	138.4	136.6	181.8	225.4	291.7
Earnings						
Income (loss) from continuing operations before income taxes	111.8	(46.5)	379.0	770.3	594.2	(748.1)
Add (deduct) the following:						
Share of loss (income) of associated companies	13.3	(8.6)	(20.5)	8.9	(.3)	5.9
Amortization of capitalized interest	3.9	5.4	2.2	-	-	-
Subtotal	129.0	(49.7)	360.7	779.2	593.9	(742.2)
Fixed charges per above	69.9	138.4	136.6	181.8	225.4	291.7
Less interest capitalized during the period	(6.0)	(11.8)	(11.4)	(3.6)	-	-
Total earnings (loss)	$192.9	$76.9	$485.9	$957.4	$819.3	$(450.5)
Ratio of earnings to fixed charges	2.76	*	3.56	5.27	3.63	*

* Earnings for the years ended December 31, 2001 and 1997 were inadequate to cover fixed charges by approximately $61.5 million and $742.2 million, respectively.