

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)                      October 15, 2003

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.)

Township Line and Union Meeting Roads,  
Blue Bell, Pennsylvania 19424

(Address of Principal Executive Offices) (Zip Code)

(215) 986-4011

(Registrant's telephone number, including area code)

Item 7. Exhibits.

(c) The following exhibit is being furnished herewith:

99 News Release, dated October 15, 2003, of Unisys Corporation

Item 12. Results of Operations and Financial Condition).

On October 15, 2003, Unisys Corporation issued a news release to report its financial results for the quarter ended September 30, 2003. The release is furnished as Exhibit 99 hereto. The information in this Item 12 and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.

SIGNATURE

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

UNISYS CORPORATION

Date: October 15, 2003

By: /s/ Janet B. Haugen

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Janet B. Haugen  
Senior Vice President and  
Chief Financial Officer

EXHIBIT INDEX

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Exhibit

No.

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99 News Release, dated October 15, 2003, of Unisys Corporation.

UNISYS

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UNISYS REPORTS 9% REVENUE GROWTH AND MEETS  
EARNINGS TARGET FOR THIRD QUARTER OF 2003; CASH FROM OPERATIONS  
DOUBLES FROM PRIOR YEAR

COMPANY ON TRACK TO ACHIEVE EARNINGS PER SHARE TARGET OF 77 CENTS  
FOR FULL-YEAR 2003

BLUE BELL, Pa., Oct. 15, 2003--Unisys Corporation (NYSE:UIS) reported today that its revenue grew 9% in the third quarter of 2003 and it met its targeted earnings per share (EPS) range for the quarter. Unisys generated \$114 million of cash from operations in the quarter compared to \$57 million in the year-ago period, and the company reaffirmed its outlook for double-digit EPS growth for the full year of 2003.

For the third quarter of 2003, Unisys reported net income of \$56.2 million, or 17 cents per share, compared to net income of \$59.0 million, or 18 cents per share, in the year-ago quarter. The third-quarter 2003 results reflected a decrease in pension income from \$37 million in the third quarter of 2002 to \$9 million in the current quarter. Revenue for the third quarter of 2003 was \$1.45 billion, up from revenue of \$1.33 billion in the year-ago period. Currency had a 4 percentage-point positive impact on the company's revenue in the third quarter, as the U.S. dollar remained weak against most major currencies worldwide.

Comments from Chairman and CEO Larry Weinbach

"We delivered a strong performance in the third quarter of 2003," said Unisys Chairman and CEO Lawrence A. Weinbach. "In what is typically a seasonally weak quarter for the technology industry, we met our financial expectations by staying focused and continuing to execute our value-added strategy. We achieved earnings per share of 17 cents in the quarter, which was within our targeted EPS range of 15 to 20 cents. This was achieved despite a \$28 million decrease in pension income compared to the prior year.

"I am pleased by the growth we're seeing at the top line. We grew our third-quarter 2003 revenue by 9% -- our third straight quarter of revenue growth. This was driven by growth in both our services and technology businesses. Our services business showed continued double-digit growth, driven by growth in all of our service lines. Our technology business delivered 3% revenue growth in a tough industry environment. Sales of our ClearPath systems rebounded in the quarter and showed year-over-year double-digit growth, and sales of our high-end, Intel-based ES7000 servers grew more than 50% again this quarter compared to the prior-year quarter."

Key highlights of the quarter included:

- Continued expansion of the company's security offerings. In the third quarter Unisys was selected for three additional pilot projects as part of the "Operation Safe Commerce" program funded by the U.S. Transportation Security Administration (TSA). Unisys is now leading four pilot projects -- more than any other services supplier in the program -- to help design and test new processes and technologies for securing the flow of goods coming into key U.S. seaports. The company's commercial partners in this secure supply-chain initiative include Sara Lee and Motorola. These pilot projects build on the company's ongoing work with homeland security.
- Expansion of the Unisys Business Blueprinting strategy announced earlier in 2003. Unisys has seen strong client interest in its innovative Business Blueprinting services. Through these services, Unisys consultants and industry experts work with clients to create standards-based, digital

models that link strategy to the business processes, software applications, and systems that support the strategy. Unisys is creating Blueprints for more than a dozen focused industry segments, including enterprise payments, life and pensions administration, cargo security, and justice and public safety. These Blueprints can be applied in consulting and systems integration projects, or in longer-term outsourcing and business process utility arrangements.

-- Continued double-digit growth in the Unisys ES7000 server sales. Unisys continues to see strong momentum in this program, with both new and existing clients ordering multiple units of the ES7000 to run enterprise applications and consolidate low-end servers. New ES7000 customers purchasing multiple units in the third quarter included Vodafone, the U.S. Army Reserve, Konica Europe, and Banco Pactual in Brazil.

"Our solutions are innovative, leading-edge, and -- most important -- they add value to our clients' business," Weinbach said. "Few IT services providers can offer the end-to-end portfolio of value-added services and servers that Unisys offers. And even fewer have the in-depth domain expertise to apply these end-to-end capabilities to meet specific industry problems."

#### Overall Company Highlights

Unisys reported revenue growth in both its U.S. and international markets in the third quarter. U.S. revenue grew 11% to \$684 million, driven by continued strong growth in the company's U.S. Federal government business. Revenue in international markets increased 7% to \$766 million, as growth in Europe more than offset a revenue decline in Latin America and a slight revenue decline in the Asia/Pacific region. On a constant currency basis, revenue in international markets was flat in the quarter.

Unisys said total worldwide orders showed double-digit declines in the third quarter. Services orders declined principally due to lower outsourcing orders, which can vary significantly quarter to quarter because of the size and complexity of the contracts. The third quarter of 2002 included a large U.S. outsourcing contract. Technology orders were up over the prior year. Geographically, U.S. orders showed double-digit declines while international orders rose in the quarter compared to the prior year.

Early in the fourth quarter of 2003, Unisys signed a 10-year contract with HBOS plc that is expected to add about \$140 million of revenue to the Unisys payment processing operation in the U.K. This further solidifies Unisys position as the leading provider of payment processing services in that country.

Unisys reported an overall third-quarter 2003 gross profit margin of 29.3% compared to 30.3% in the year-ago period. Operating profit margins increased slightly to 7.3% from 7.2% in the year-ago quarter.

Selling, general, and administrative (SG&A) expenses increased slightly from third-quarter 2002 levels. As a percentage of revenue, SG&A expenses declined to 17.3% of revenue in the third quarter of 2003 compared to 18.1% of revenue in the year-ago quarter.

#### Business Segment Highlights

Customer revenue in the company's services segment grew 11% in the third quarter, driven by growth in all service lines. Primarily reflecting significantly lower levels of pension income, gross profit margins in the services business declined 2.7 percentage points from year-ago levels to 19.8%, and services operating margins declined 1.8 percentage points from a year ago to 3.9%.

Customer revenue in the company's technology segment grew 3% in the third quarter, driven by growth in the company's enterprise server business. Unisys reported double-digit sales growth in ClearPath systems and more than 50% sales growth in ES7000 servers over the prior-year quarter. Reflecting a richer mix of ClearPath servers and software, gross margins in the technology business increased 6.7 percentage points from year-ago levels to 53.1%, and technology operating margins increased 6.4 percentage points from a year ago to 16.5%.

#### Cash Flow and Balance Sheet Highlights

Unisys generated \$114 million of cash flow from operations in the

third quarter compared to \$57 million in the year-ago quarter. The improvement in operational cash flow in the quarter primarily reflected improved working capital management. Cash expenditures for prior restructuring actions were \$6 million in the third quarter of 2003 compared to \$24 million in the year-ago quarter.

Capital expenditures in the third quarter of 2003 were \$98 million, including \$72 million invested in revenue-generating projects. This compared to capital expenditures of \$80 million, including \$59 million for revenue-generating projects, in the year-ago quarter. Unisys had \$403 million of cash on hand at September 30, 2003.

#### Year-to-Date Results

For the nine months ended September 30, 2003, Unisys reported net income of \$147.2 million, or 44 cents per diluted share, compared to net income of \$133.9 million, or 41 cents per diluted share, in the first nine months of 2002. Revenue for the first nine months of 2003 was \$4.27 billion compared to revenue of \$4.05 billion in the first nine months of 2002.

#### Business Outlook

"We are on track to achieve our strategic and financial objectives for 2003," Weinbach said. "While the global environment remains challenging, we are steadily enhancing the Unisys reputation in key growth areas such as business process outsourcing, managed services, security, and high-end Intel-based servers. For the full year of 2003, we continue to look for targeted earnings per share of 77 cents on mid single-digit revenue growth."

#### Conference Call

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

#### About Unisys

Unisys is a worldwide information technology services and solutions company. Our people combine expertise in systems integration, outsourcing, infrastructure, server technology and consulting with precision thinking and relentless execution to help clients, in more than 100 countries, quickly and efficiently achieve competitive advantage. For more information, visit [www.unisys.com](http://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. The factors that could affect the company's future financial results are discussed more fully in the company's periodic reports as filed with the Securities and Exchange Commission.

RELEASE NO: 1015/8343 (See accompanying financial information)

[http://www.unisys.com/about\\_\\_unisys/news\\_a\\_events/10158343.htm](http://www.unisys.com/about__unisys/news_a_events/10158343.htm)

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

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

Three Months		Nine Months	
Ended September 30		Ended September 30	
-----	-----	-----	-----
2003	2002	2003	2002
-----	-----	-----	-----

Revenue				
Services	\$1,124.3	\$1,016.3	\$3,394.7	\$3,104.8
Technology	325.4	316.0	878.9	949.8
	-----	-----	-----	-----
	1,449.7	1,332.3	4,273.6	4,054.6
Costs and expenses				
Cost of revenue:				
Services	886.1	766.5	2,675.4	2,362.0
Technology	138.5	162.8	393.9	495.8
	-----	-----	-----	-----
	1,024.6	929.3	3,069.3	2,857.8
Selling, general and administrative	251.0	241.3	737.1	732.2
Research and development	68.2	65.5	198.7	192.6
	-----	-----	-----	-----
	1,343.8	1,236.1	4,005.1	3,782.6
	-----	-----	-----	-----
Operating income	105.9	96.2	268.5	272.0
Interest expense	17.2	17.6	51.3	53.2
Other income (expense), net	(4.7)	9.5	2.5	(18.9)
	-----	-----	-----	-----
Income before income taxes	84.0	88.1	219.7	199.9
Provision for income taxes	27.8	29.1	72.5	66.0
	-----	-----	-----	-----
Net income	\$56.2	\$59.0	\$147.2	\$133.9
	=====	=====	=====	=====
Earnings per share				
Basic	\$ .17	\$ .18	\$ .45	\$ .41
	=====	=====	=====	=====
Diluted	\$ .17	\$ .18	\$ .44	\$ .41
	=====	=====	=====	=====
Shares used in the per share computations (thousands):				
Basic	330,033	324,075	328,675	322,792
	=====	=====	=====	=====
Diluted	333,979	324,669	331,317	324,079
	=====	=====	=====	=====

UNISYS CORPORATION  
SEGMENT RESULTS  
(Millions)

	Total	Elimi- nations	Services	Technology
	-----	-----	-----	-----
Three Months Ended September 30, 2003 -----				
Customer revenue	\$1,449.7		\$1,124.3	\$325.4
Intersegment		(\$66.4)	7.3	59.1
	-----	-----	-----	-----
Total revenue	\$1,449.7	(\$66.4)	\$1,131.6	\$384.5
	=====	=====	=====	=====
Gross profit percent	29.3%		19.8%	53.1%
	=====		=====	=====
Operating profit percent	7.3%		3.9%	16.5%
	=====		=====	=====
Three Months Ended September 30, 2002 -----				
Customer revenue	\$1,332.3		\$1,016.3	\$316.0
Intersegment		(\$69.4)	6.5	62.9
	-----	-----	-----	-----
Total revenue	\$1,332.3	(\$69.4)	\$1,022.8	\$378.9
	=====	=====	=====	=====
Gross profit percent	30.3%		22.5%	46.4%
	=====		=====	=====
Operating profit percent	7.2%		5.7%	10.1%
	=====		=====	=====
Nine Months Ended September 30, 2003 -----				
Customer revenue	\$4,273.6		\$3,394.7	\$878.9
Intersegment		(\$225.6)	19.2	206.4
	-----	-----	-----	-----
Total revenue	\$4,273.6	(\$225.6)	\$3,413.9	\$1,085.3
	=====	=====	=====	=====
Gross profit percent	28.2%		19.5%	50.0%
	=====		=====	=====
Operating profit percent	6.3%		4.2%	12.0%
	=====		=====	=====
Nine Months Ended September 30, 2002 -----				
Customer revenue	\$4,054.6		\$3,104.8	\$949.8
Intersegment		(\$233.0)	32.2	200.8
	-----	-----	-----	-----
Total revenue	\$4,054.6	(\$233.0)	\$3,137.0	\$1,150.6
	=====	=====	=====	=====
Gross profit percent	29.5%		22.0%	45.2%
	=====		=====	=====
Operating profit percent	6.7%		5.5%	10.0%
	=====		=====	=====



UNISYS CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Millions)

	September 30, 2003	December 31, 2002
	-----	-----
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$402.7	\$301.8
Accounts and notes receivable, net	961.8	955.6
Inventories		
Parts and finished equipment	136.2	165.3
Work in process and materials	113.6	127.5
Deferred income taxes	313.8	311.3
Other current assets	86.3	84.5
	-----	-----
<b>Total</b>	<b>2,014.4</b>	<b>1,946.0</b>
	-----	-----
<b>Properties</b>		
Less accumulated depreciation and amortization	1,718.2	1,542.7
	-----	-----
<b>Properties, net</b>	<b>684.5</b>	<b>609.8</b>
	-----	-----
<b>Investments at equity</b>		
Marketable software, net	124.2	111.8
Deferred income taxes	329.0	311.8
Goodwill	1,476.0	1,476.0
Other long-term assets	165.6	160.6
	392.4	365.4
	-----	-----
<b>Total</b>	<b>\$5,186.1</b>	<b>\$4,981.4</b>
	=====	=====
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities</b>		
Notes payable	\$20.3	\$77.3
Current maturities of long-term debt	1.8	4.4
Accounts payable	416.6	532.5
Other accrued liabilities	1,242.2	1,341.4
Income taxes payable	248.6	228.9
	-----	-----
<b>Total</b>	<b>1,929.5</b>	<b>2,184.5</b>
	-----	-----
<b>Long-term debt</b>		
Accrued pension liabilities	1,047.4	748.0
Other long-term liabilities	660.9	727.7
	472.5	465.2
	-----	-----
<b>Stockholders' equity</b>		
Common stock	3.3	3.3
Accumulated deficit	(526.4)	(673.5)
Other capital	3,801.3	3,763.1
Accumulated other comprehensive loss	(2,202.4)	(2,236.9)
	-----	-----
<b>Stockholders' equity</b>	<b>1,075.8</b>	<b>856.0</b>
	-----	-----
<b>Total</b>	<b>\$5,186.1</b>	<b>\$4,981.4</b>
	=====	=====

UNISYS CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(Millions)

	Nine Months Ended September 30	
	2003	2002
Cash flows from operating activities		
Net income	\$147.2	\$133.9
Add (deduct) items to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of properties	131.4	111.7
Amortization:		
Marketable software	92.2	90.1
Deferred outsourcing contract costs	23.5	14.1
(Increase) in deferred income taxes, net	(2.5)	(2.5)
(Increase) decrease in receivables, net	(32.3)	208.0
Decrease in inventories	43.0	88.2
(Decrease) in accounts payable and other accrued liabilities	(180.0)	(375.8)
Increase in income taxes payable	19.8	7.0
(Decrease) in other liabilities	(56.8)	(33.3)
(Increase) in other assets	(29.9)	(178.8)
Other	6.5	7.4
Net cash provided by operating activities	162.1	70.0
Cash flows from investing activities		
Proceeds from investments	3,626.1	2,360.1
Purchases of investments	(3,663.2)	(2,384.0)
Investment in marketable software	(109.4)	(105.0)
Capital additions of properties	(177.9)	(151.8)
Purchases of businesses	(2.0)	(4.8)
Net cash used for investing activities	(326.4)	(285.5)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	293.3	
Net (reduction in) proceeds from short-term borrowings	(57.0)	33.8
Proceeds from employee stock plans	21.0	21.9
Payments of long-term debt	(3.8)	(1.6)
Net cash provided by financing activities	253.5	54.1
Effect of exchange rate changes on cash and cash equivalents	11.7	1.7
Increase (decrease) in cash and cash equivalents	100.9	(159.7)
Cash and cash equivalents, beginning of period	301.8	325.9
Cash and cash equivalents, end of period	\$402.7	\$166.2