

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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported) January 24, 2007

UNISYS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

1-8729

38-0387840

(State or Other  
Jurisdiction of  
Incorporation)

(Commission File Number)

(IRS Employer  
Identification No.)

Unisys Way,  
Blue Bell, Pennsylvania 19424

(Address of Principal Executive Offices) (Zip Code)

(215) 986-4011

(Registrant's telephone number, including area code)

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

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

Item 2.02. Results of Operations and Financial Condition.

On January 24, 2007, Unisys Corporation issued a news release to report its financial results for the quarter and year ended December 31, 2006. The release is furnished as Exhibit 99 to this Current Report.

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

Item 9.01. Financial Statements and Exhibits.

(c) The following exhibit is being furnished herewith:



SIGNATURE

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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: January 24, 2007

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 January 24, 2007, of Unisys Corporation.

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UNISYS REPORTS FOURTH-QUARTER 2006 FINANCIAL RESULTS  
PRE-TAX INCOME INCREASES 81 PERCENT TO \$49 MILLION AS COMPANY BENEFITS FROM  
ONGOING REPOSITIONING PROGRAM

BLUE BELL, Pa., January 24, 2007 - Unisys Corporation (NYSE: UIS) today reported fourth-quarter 2006 pre-tax income of \$49.3 million as the company benefits from its ongoing repositioning program. Operating profit margins and earnings improved significantly in the quarter and service orders showed double-digit growth for the second consecutive quarter driven by strong demand for outsourcing.

Fourth-quarter 2006 pre-tax income of \$49.3 million increased 81 percent from pre-tax income of \$27.2 million for the fourth quarter of 2005. The company reported fourth-quarter 2006 net income of \$21.3 million, or 6 cents per share. The results included pre-tax pension expense of \$43.7 million. These results compared with a fourth-quarter 2005 net loss of \$31.1 million, or 9 cents per share, which included pre-tax pension expense of \$44.3 million.

Revenue for the fourth quarter of 2006 declined 1 percent to \$1.55 billion from \$1.57 billion in the year-ago quarter. Foreign currency exchange rates had an approximately three-point positive impact on revenue in the quarter.

COMMENTS FROM PRESIDENT AND CEO JOSEPH W. MCGRATH

"We closed a year of tremendous progress in 2006 with a solid, and profitable, fourth quarter," said Joseph W. McGrath, Unisys president and chief executive officer. "Our focus in 2006 was to drive our multi-year repositioning program, which is designed to significantly enhance our market focus, our cost competitiveness, and our profitability by 2008. We got off to a good start in this multi-year effort as the people of Unisys showed strong execution in implementing many different elements of the repositioning program.

"While we have made much progress, we have a great deal more work to do in the year ahead," McGrath said. "In 2007 we will focus on continuing to execute the repositioning program by investing to drive growth in our strategic programs, building out our global delivery model, and further reducing costs. As we do this, we look to further improve our profitability, particularly in the second half of 2007, as we advance toward our financial goal of an 8 to 10 percent operating profit margin excluding retirement-related expenses in 2008."

FOURTH-QUARTER CLIENT WINS

Major wins in the fourth quarter included:

\* Unisys received a five-year outsourcing order with an estimated value of approximately \$100 million from the Australian Department of Immigration and Multicultural Affairs for a range of IT services including desktop services and e-mail and intranet security;

\* The U.S. Department of Justice, Asset Forfeiture Management Staff, awarded Unisys a blanket purchase agreement under which delivery orders may be issued for continued support of the department's Consolidated Asset Tracking System, which tracks and monitors assets that are seized and forfeited in the prosecution of criminals and criminal enterprises; the agreement could be worth approximately \$112 million if the government orders services at anticipated levels for the full eight-year term;

\* Unisys is part of a team led by IBM to provide outsourcing services under a seven-year contract with the Texas Department of Information Resources. Unisys will create a new data center for the project and will also provide transition and transformation services, day-to-day data center operations, advanced helpdesk and support services, and state-wide server maintenance;

\* Business Objects, a leading provider of business intelligence solutions, awarded Unisys a significant, five-year contract to provide information technology outsourcing services including lifecycle desktop services and help

desk;

\* BSN Medical GmbH, an international provider of medical products, awarded Unisys a five-year contract with an estimated value of \$35 million for outsourcing services, including desktop services and user help desk, supporting BSN Medical's 3,500 staff worldwide;

\* The Belgian Federal Public Service (FPS) Finance, which is responsible for tax collection and processing throughout Belgium, awarded Unisys a six-year, approximately \$34 million contract to create a next-generation tax collection, processing, and recovery system for use by FPS agencies; Unisys will provide a range of services including lifecycle application development for the new system.

#### COST-REDUCTION PROGRAM

The company gave the following update with regard to ongoing cost-reduction activities as part of its repositioning program:

\* Unisys continues to target total headcount reductions of approximately 5,600 positions through its cost-reduction actions;

\* Of the 5,600 total targeted reductions, Unisys completed approximately 4,900 reductions in 2006;

\* The company said it expects to complete approximately 450 headcount reductions in the first quarter of 2007, with the remaining approximately 250 reductions expected to be completed during the second quarter of 2007; and

\* Unisys estimates that the cost-reduction actions completed in 2006 will yield net annualized cost savings of approximately \$280 million in 2007. Unisys expects the cost restructuring program overall to yield on a run-rate basis net annualized cost savings of more than \$340 million by the second half of 2007.

#### FOURTH-QUARTER COMPANY RESULTS

The company reported a double-digit increase in services orders in the fourth quarter. Outsourcing orders showed substantial double-digit gains, partially offset by double-digit order declines in infrastructure services and core maintenance.

Revenue in the United States declined 5 percent in the quarter to \$655 million. Revenue in international markets increased 2 percent in the quarter to \$897 million.

The company's gross profit margin and operating profit margin in the fourth quarter of 2006 were 24.9 percent and 4.4 percent, respectively. These compared with gross and operating profit margins of 24.1 percent and 2.3 percent, respectively, in the fourth quarter of 2005.

#### FOURTH-QUARTER BUSINESS SEGMENT RESULTS

Customer revenue in the company's services segment increased slightly in the fourth quarter of 2006 compared with the year-ago period. The company reported high single-digit revenue growth in outsourcing and infrastructure services, which offset a slight revenue decline in systems integration and consulting and a high single-digit revenue decline in core maintenance. Gross profit margin in the services business improved to 16.9 percent from 13.6 percent a year ago, while the services operating margin improved to 1.2 percent compared with (2.0 percent) a year ago.

Customer revenue in the company's technology segment declined double digits versus the strong fourth quarter of 2005, but increased substantially from the third quarter of 2006. Gross profit margin in the technology business declined to 49.0 percent from 56.2 percent a year ago while operating margins declined to 13.7 percent from 16.7 percent a year ago.

#### CASH FLOW AND BALANCE SHEET HIGHLIGHTS

Unisys generated \$167 million of cash from operations in the fourth quarter compared with \$260 million in the fourth quarter of 2005. The company used approximately \$88 million of cash in the fourth quarter of 2006 for restructuring payments, compared to approximately \$9 million of cash for restructuring payments in the fourth quarter of 2005.

Capital expenditures in the fourth quarter of 2006 were \$58 million compared to \$88 million in the year-ago quarter. After deducting for capital expenditures, Unisys generated \$109 million of free cash in the quarter compared with \$172 million in the fourth quarter of 2005. The company ended 2006 with \$719 million of cash on hand.

On Dec. 31, 2006, the company adopted Statement of Financial Accounting Standards No. 158 (SFAS No. 158), new accounting guidance related to pension and other postretirement plans released by the Financial Accounting Standards Board in September 2006. SFAS No. 158 requires an employer to recognize in its

statement of financial position the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation. The adoption of SFAS No. 158 reduced the company's assets by \$1.1 billion, increased its liabilities by \$0.3 billion and reduced stockholders' equity by \$1.4 billion. The non-cash charge to equity has no effect on the company's net income, liquidity, cash flows, or financial ratio covenants in the company's credit agreements and public debt securities.

#### FULL-YEAR 2006 RESULTS

For the year ended Dec. 31, 2006, Unisys reported revenue of \$5.76 billion, flat from revenue of \$5.76 billion in 2005. Currency had an approximately one-percentage point positive impact on revenue in the year.

For the year ended Dec. 31, 2006, Unisys reported a net loss of \$278.7 million, or 81 cents per share. These results included:

- \* total pre-tax charges of approximately \$330 million for headcount reductions;
- \* a first-quarter 2006 pre-tax gain of \$149.9 million on the sale of the company's shares in Nihon Unisys Limited;
- \* worldwide pre-tax pension expense of \$135.5 million, net of a first-quarter 2006 pre-tax curtailment gain of \$45 million related to changes in the company's U.S. defined benefit pension plans.

For the year ended Dec. 31, 2005, Unisys reported a net loss of \$1.73 billion, or \$5.09 per share. These results included:

- \* a non-cash charge of \$1.57 billion for an increase in the company's deferred tax asset valuation allowance;
- \* a pre-tax charge of \$10.7 million related to a cash tender for the company's 8 1/8 percent notes due 2006; and
- \* worldwide pre-tax pension expense of \$181.1 million.

#### CONFERENCE CALL

Unisys will hold a conference call today at 8:15 a.m. EST 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 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 the Unisys 3D Visible Enterprise approach, we make visible the impact of their decisions-ahead of investments, opportunities and risks. 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. Forward-looking statements include, but are not limited to, any projections of earnings, revenues, contract values or other financial items; any statements of the company's plans, strategies or objectives for future operations; statements regarding future economic conditions or performance; and any statements of belief or expectation. All forward-looking statements rely on assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Statements in this release concerning the company's cost reduction plan are subject to the risk that the company may not implement the planned headcount reductions as quickly as currently planned, which could affect the timing of anticipated cost savings. The amount of anticipated cost savings is also subject to currency exchange rate fluctuations with regard to actions taken outside the U.S. Statements in this release regarding contract values are based upon various assumptions, which are subject to change, including the projected volume of products and services to be provided by Unisys, the ability to maintain current prices after completion of benchmarking studies and the continuation of the contracts for their full term, and, for contracts with governmental entities, the availability of appropriated funds. Accordingly, the contract values are not guaranteed. Other risks and uncertainties that could affect the company's future results include general economic and business conditions; the effects of aggressive competition in the information services and technology markets on the company's revenues, pricing and margins and on the competitiveness of its product and services offerings; the level of demand for the company's products and services and the company's ability to anticipate and respond to changes in technology and customer

preferences; the company's ability to grow outsourcing and infrastructure services and its ability to effectively and timely complete the related solutions implementations, client transitions to the new environment and work force and facilities rationalizations; the company's ability to effectively address its challenging outsourcing operations through negotiations or operationally and to fully recover the associated outsourcing assets; the company's ability to drive profitable growth in consulting and systems integration; the level of demand for the company's high-end enterprise servers; the company's ability to effectively rightsize its cost structure; the risks of doing business internationally and the potential for infringement claims to be asserted against the company or its clients. Additional discussion of these and other factors that could affect Unisys future results is contained in its periodic filings with the Securities and Exchange Commission. Unisys assumes no obligation to update any forward-looking statements.

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RELEASE NO.: 0124/8749

[http://www.unisys.com/about\\_unisys/news\\_a\\_events/01248749.htm](http://www.unisys.com/about_unisys/news_a_events/01248749.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		Year	
	Ended December 31		Ended December 31	
	----- 2006	2005 -----	----- 2006	2005 -----
Revenue				
Services	\$1,298.7	\$1,270.8	\$4,917.2	\$4,788.5
Technology	253.3	298.7	840.0	970.2
	-----	-----	-----	-----
	1,552.0	1,569.5	5,757.2	5,758.7
Costs and expenses				
Cost of revenue:				
Services	1,045.4	1,081.0	4,317.1	4,161.8
Technology	120.5	110.8	430.5	435.5
	-----	-----	-----	-----
	1,165.9	1,191.8	4,747.6	4,597.3
Selling, general and administrative	270.5	269.9	1,104.7	1,059.9
Research and development	47.0	71.2	231.7	263.9
	-----	-----	-----	-----
	1,483.4	1,532.9	6,084.0	5,921.1
	-----	-----	-----	-----
Operating income (loss)	68.6	36.6	(326.8)	(162.4)
Interest expense	19.3	19.8	77.2	64.7
Other income (expense), net	-	10.4	153.1	56.2
	-----	-----	-----	-----
Income (loss) before income taxes	49.3	27.2	(250.9)	(170.9)
Provision (benefit) for income taxes	28.0	58.3	27.8	1,561.0
	-----	-----	-----	-----
Net income (loss)	\$21.3	(\$31.1)	(\$278.7)	(\$1,731.9)
	=====	=====	=====	=====
Earnings (loss) per share				
Basic	\$ .06	(\$ .09)	(\$ .81)	(\$ 5.09)
	=====	=====	=====	=====
Diluted	\$ .06	(\$ .09)	(\$ .81)	(\$ 5.09)
	=====	=====	=====	=====
Shares used in the per share computations (thousands):				
Basic	344,935	341,656	343,747	340,216
	=====	=====	=====	=====
Diluted	345,627	341,656	343,747	340,216
	=====	=====	=====	=====





UNISYS CORPORATION  
SEGMENT RESULTS  
(Millions)

	Total	Elimi- nations	Services*	Technology*
	-----	-----	-----	-----
Three Months Ended December 31, 2006 -----				
Customer revenue Intersegment	\$1,552.0	(\$78.0)	\$1,298.7 4.0	\$253.3 74.0
Total revenue	\$1,552.0 =====	(\$78.0) =====	\$1,302.7 =====	\$327.3 =====
Gross profit percent	24.9% =====		16.9% =====	49.0% =====
Operating profit percent	4.4% =====		1.2% =====	13.7% =====
Three Months Ended December 31, 2005 -----				
Customer revenue Intersegment	\$1,569.5	(\$66.9)	\$1,270.8 4.5	\$298.7 62.4
Total revenue	\$1,569.5 =====	(\$66.9) =====	\$1,275.3 =====	\$361.1 =====
Gross profit percent	24.1% =====		13.6% =====	56.2% =====
Operating profit (loss) percent	2.3% =====		(2.0%) =====	16.7% =====
Year Ended December 31, 2006 -----				
Customer revenue Intersegment	\$5,757.2	(\$250.3)	\$4,917.2 14.8	\$840.0 235.5
Total revenue	\$5,757.2 =====	(\$250.3) =====	\$4,932.0 =====	\$1,075.5 =====
Gross profit percent	17.5% =====		15.1% =====	44.2% =====
Operating profit (loss) percent	(5.7%) =====		(0.5%) =====	1.7% =====
Year Ended December 31, 2005 -----				
Customer revenue Intersegment	\$5,758.7	(\$259.6)	\$4,788.5 18.7	\$970.2 240.9
Total revenue	\$5,758.7 =====	(\$259.6) =====	\$4,807.2 =====	\$1,211.1 =====
Gross profit percent	20.2% =====		12.1% =====	48.4% =====
Operating profit (loss) percent	(2.8%) =====		(4.3%) =====	4.2% =====

\* 2006 results exclude cost reductions actions

UNISYS CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Millions)

	December 31, 2006	December 31, 2005
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$719.3	\$642.5
Accounts and notes receivable, net	1,164.6	1,111.5
Inventories		
Parts and finished equipment	95.0	103.4
Work in process and materials	81.2	90.7
Deferred income taxes	36.5	68.2
Prepaid expense and other current assets	148.3	137.0
	-----	-----
Total	2,244.9	2,153.3
	-----	-----
Properties	1,233.4	1,320.8
Less accumulated depreciation and amortization	892.1	934.4
	-----	-----
Properties, net	341.3	386.4
	-----	-----
Outsourcing assets, net	401.1	416.0
Marketable software, net	304.3	327.6
Investments at equity	.1	207.8
Prepaid postretirement assets	250.1	66.1
Deferred income taxes	211.0	138.4
Goodwill	193.9	192.0
Other long-term assets	117.3	141.3
	-----	-----
Total	\$4,064.0	\$4,028.9
	=====	=====
Liabilities and stockholders' equity (deficit)		
Current liabilities		
Notes payable	\$1.2	\$18.1
Current maturities of long-term debt	0.5	58.8
Accounts payable	460.9	444.6
Other accrued liabilities	1,518.1	1,293.3
	-----	-----
Total	1,980.7	1,814.8
	-----	-----
Long-term debt	1,049.1	1,049.0
Long-term postretirement liabilities	667.7	652.3
Other long-term liabilities	463.1	545.4
Stockholders' equity (deficit)		
Common stock	3.5	3.4
Accumulated deficit	(2,386.8)	(2,108.1)
Other capital	3,945.1	3,917.0
Accumulated other comprehensive loss	(1,658.4)	(1,844.9)
	-----	-----
Stockholders' deficit	(96.6)	(32.6)
	-----	-----
Total	\$4,064.0	\$4,028.9
	=====	=====

UNISYS CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(Millions)

	Year Ended December 31	
	2006	2005
Cash flows from operating activities		
Net loss	(\$278.7)	(\$1,731.9)
Add (deduct) items to reconcile net loss to net cash provided by operating activities:		
Equity loss (income)	4.5	(9.2)
Employee stock compensation expense	6.7	.6
Depreciation and amortization of properties	120.5	120.7
Depreciation and amortization of outsourcing assets	135.1	128.8
Amortization of marketable software	132.9	124.7
Gain on sale of NUL shares and other assets	(153.2)	(15.8)
Loss on the tender of debt		10.7
(Increase) decrease in deferred income taxes, net	(87.0)	1,491.2
Decrease in receivables, net	14.2	34.8
Decrease in inventories	19.4	20.9
Increase (decrease) in accounts payable and other accrued liabilities	94.7	(61.4)
(Decrease) increase in other liabilities	(68.8)	149.4
Decrease (increase) in other assets	52.8	(34.3)
Other	35.6	52.8
	-----	-----
Net cash provided by operating activities	28.7	282.0
	-----	-----
Cash flows from investing activities		
Proceeds from investments	7,522.0	7,726.2
Purchases of investments	(7,535.9)	(7,709.6)
Investment in marketable software	(105.4)	(125.7)
Capital additions of properties	(70.1)	(112.0)
Capital additions of outsourcing assets	(81.0)	(143.8)
Purchases of businesses	(1.1)	(1.5)
Proceeds from sale of NUL shares and other assets	380.6	23.4
	-----	-----
Net cash provided by (used for) investing activities	109.1	(343.0)
	-----	-----
Cash flows from financing activities		
Net (reduction in) proceeds from short-term borrowings	(17.0)	17.2
Proceeds from employee stock plans	1.6	12.8
Payments of long-term debt	(57.9)	(509.1)
Proceeds from issuance of long-term debt		541.5
Financing fees	(4.6)	
	-----	-----
Net cash (used for) provided by financing activities	(77.9)	62.4
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	16.9	(19.4)
	-----	-----
Increase (decrease) in cash and cash equivalents	76.8	(18.0)
Cash and cash equivalents, beginning of period	642.5	660.5
	-----	-----
Cash and cash equivalents, end of period	\$719.3	\$642.5
	=====	=====