

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)

April 18, 2006

UNISYS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

1-8729

38-0387840

(State or Other
Jurisdiction of
Incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

Unisys Way,
Blue Bell, Pennsylvania 19424

(Address of Principal Executive Offices) (Zip Code)

(215) 986-4011

(Registrant's telephone number, including area code)

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

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

Item 2.02. Results of Operations and Financial Condition.

On April 18, 2006, Unisys Corporation issued a news release to report its financial results for the quarter ended March 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

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: April 18, 2006

By: /s/ Janet B. Haugen

Janet B. Haugen
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit
No.

99 News Release, dated April 18, 2006, of Unisys Corporation.

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UNISYS ANNOUNCES FIRST-QUARTER 2006 FINANCIAL RESULTS; COMPANY MAKES
SIGNIFICANT PROGRESS IN REPOSITIONING EFFORT

BLUE BELL, Pa., April 18, 2006 - Unisys Corporation (NYSE: UIS) today announced, as part of its first-quarter 2006 financial results, significant progress in its previously announced plan to fundamentally reposition the company for long-term profitable growth.

Unisys reported a first-quarter 2006 net loss of \$27.9 million, or 8 cents per share. The results included a pre-tax charge of \$145.9 million for approximately 3,600 headcount reductions as part of the company's ongoing cost reduction program; a pre-tax gain of \$149.9 million on the sale of the company's shares in Nihon Unisys Limited; and a pre-tax curtailment gain of \$45.0 million related to changes announced in the company's U.S. defined benefit pension plans. These results compared with a first-quarter 2005 net loss of \$45.5 million, or 13 cents per share. The first-quarter 2006 results include a tax benefit of \$7.3 million as compared to a tax benefit of \$32.8 million in the first quarter of 2005. Pre-tax pension expense in the first quarter of 2006, including the curtailment gain, was \$7.9 million compared with pre-tax pension expense of \$46.8 million in the year-ago quarter.

Revenue for the first-quarter of 2006 increased 2% to \$1.39 billion from \$1.37 billion in the year-ago quarter. Currency had a 3 percentage-point negative impact on the company's revenue in the first quarter, reflecting a stronger U.S. dollar against most major currencies worldwide.

COMMENTS FROM PRESIDENT AND CEO JOSEPH W. MCGRATH

"During the first quarter we executed against our previously announced plan to reposition Unisys for profitable revenue growth over the 2007-2008 timeframe," said Joseph W. McGrath, Unisys president and chief executive officer. "Over the course of a ninety-day period, we generated \$378 million of cash through the sale of an asset, began our cost reduction actions, completed the renegotiation of a challenging outsourcing joint venture, made changes to our U.S. pension plans, realigned our worldwide sales efforts to focus on expanding our business with our top 500 clients and top 10 geographies, and realigned our services delivery operation."

The company said all the changes made in the business had a mixed impact on its results in the quarter. Unisys reported double-digit growth in first-quarter 2006 orders, driven by double-digit gains in services orders. The company also experienced good growth in services revenue and made improvement in services operating margins. However, the company saw a significant decline in technology revenue and margins in the quarter due to weak demand for enterprise servers based on customer technology lifecycles and buying patterns. Unisys expects its technology business to remain weak in the second quarter and to strengthen in the second half of the year as it rolls out new enterprise server models. In the meantime, the company is focused on lowering its breakeven point in the technology business through the cost reduction actions it is taking.

"We continue to see 2006 as a transitional year," McGrath said. "We continue to expect some short-term impact on the business as we implement the repositioning actions, but we expect to see tangible benefits in our financial results as we move into 2007."

REPOSITIONING ACTIONS

Highlights of actions taken during the first quarter included:

- Unisys sold all of its 30.5 million shares in Nihon Unisys Limited (NUL), a leading IT solutions provider in Japan, generating cash proceeds of approximately \$378 million and a pre-tax gain of \$149.9 million. The sale does not affect Unisys relationship with NUL, which remains the exclusive distributor of Unisys hardware and software products in Japan.

- At the end of March Unisys began the process of implementing headcount reductions as part of its previously announced cost reduction plan. The

company took an initial charge of \$145.9 million for approximately 3,600 headcount actions, and is finalizing additional cost reduction actions, primarily in Continental Europe, for which it expects to take a charge in the second quarter. The company expects these actions to generate in excess of \$250 million of annualized cost savings on a run-rate basis by the second half of 2007.

- - Unisys reached a definitive agreement with its partner banks on renegotiated terms for its iPSL check processing joint venture in the United Kingdom. This is expected to result in an increase in revenue to Unisys of approximately \$150 million over the 2006-2010 timeframe.

- - To reduce future pension expense, the company adopted changes to its U.S. defined benefit pension plans, effective December 31, 2006, and will increase its matching contribution to its U.S. defined contribution savings plan beginning January 1, 2007. As a result of this change, in the quarter the company recorded a pre-tax curtailment gain of \$45.0 million.

- - Unisys and NEC reached a series of alliance agreements to collaborate in server technology, research and development, manufacturing, and solutions delivery.

- - The company put in place targeted sales compensation and marketing programs aimed at driving order and revenue growth by focusing sales efforts on top 500 clients, top geographies, and selected new customer accounts.

- - The company realigned its services delivery operation by rolling out a new "high-performance center" consisting of integrated teams of highly skilled people who can deliver resources in the company's focused growth markets.

FIRST-QUARTER COMPANY RESULTS

The company reported double-digit growth in overall orders in the first quarter. Services orders showed double-digit growth, reflecting order gains for infrastructure services and systems integration and consulting. Technology orders showed mid single-digit declines in the quarter, driven by order declines for specialized equipment.

Revenue in the U.S. was flat in the quarter at \$620 million. Revenue in international markets increased 3% in the quarter to \$768 million. On a constant currency basis, international revenue grew 9%.

The company's gross profit margin and operating profit margin in the first quarter of 2006 were 14.5% and (12.2%), respectively, which include the cost-reduction charge and pension expense. These compared with gross and operating profit margins of 19.0% and (4.8%), respectively, in the first quarter of 2005.

FIRST-QUARTER BUSINESS SEGMENT RESULTS

Unisys has a long-standing policy to evaluate business segment performance on operating income exclusive of restructuring charges and unusual and non-recurring items. Therefore, the comparisons below exclude the cost-reduction charge discussed above.

Customer revenue in the company's services segment increased 6% in the first quarter of 2006 compared with the year-ago period. This was driven by double-digit growth in outsourcing and infrastructure services and good growth in systems integration and consulting, partially offset by a double-digit revenue decline in core maintenance. On a reported basis, gross profit margin in the services business improved to 15.2% from 11.0% a year ago, while the services operating margin improved to (0.9%) compared with (6.8%) a year ago. Excluding the impact of pension expense in both periods, services gross profit margin improved to 15.9% from 13.8% a year ago, while services operating margin improved to (0.1%) compared with (3.2%) a year ago.

Customer revenue in the company's technology segment declined 18% in the first quarter of 2006 driven by double-digit declines in enterprise servers and in specialized equipment. Reflecting lower sales volume of high-margin enterprise server products, technology reported gross profit margin declined to 41.9% from 47.7% a year ago, and technology reported operating margin declined to (5.4%) from 6.1% a year ago. Excluding the impact of pension expense in both periods, the technology gross profit margin was 41.8% in the first quarter of 2006 compared to 48.0% in the year-ago quarter, and the technology operating margin declined to (6.1%) compared with 8.5% in the year-ago period.

CASH FLOW AND BALANCE SHEET HIGHLIGHTS

Unisys generated \$27 million of cash from operations in both the current and prior-year quarters. Capital expenditures in the first quarter of 2006 were \$73 million compared to \$97 million in the year-ago quarter. After deducting for capital expenditures, Unisys used \$46 million of free cash in the quarter compared with usage of \$70 million in the first quarter of 2005.

Including the approximately \$378 million of proceeds from the sale of NUL shares, Unisys ended the first quarter of 2006 with \$980 million of cash on hand.

As a result of the significant changes adopted to its U.S. defined benefit pension plans, the company was required to re-measure plan assets and obligations as of March 31, 2006. Based on this re-measurement, the company's U.S. qualified defined benefit pension plan is no longer in a minimum pension liability position. Accordingly, as required by U.S. GAAP pension accounting rules, the company has reclassified its \$1.26 billion prepaid pension asset from Other Comprehensive Income to a prepaid pension asset on its balance sheet.

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. 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 Unisys 3D Visible Enterprise, we make visible the impact of their decisions-ahead of investments, opportunities and risks. For more information, visit www.unisys.com.

FORWARD-LOOKING STATEMENTS

Any statements contained in this release that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. 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 the expected effects of the company's focused investment and sales and marketing strategies are based on various assumptions, including assumptions regarding market segment growth, client demand and the proper skill set of and training for sales and marketing management and personnel, all of which are subject to change. Statements in this release regarding the revenue increase anticipated from the new iPSL arrangements are based on assumptions regarding iPSL processing volumes and costs over the 2006-2010 timeframe. Because these volumes and costs could change, the amount of anticipated revenue is not guaranteed. In addition, because iPSL is paid by its customers in British pounds, the U.S. dollar amount of revenue recognized by Unisys is subject to currency exchange rate fluctuations. 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.

PRESENTATION OF INFORMATION IN THIS PRESS RELEASE

This release presents information that excludes pension expense. This financial measure is considered non-GAAP. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows where amounts are either excluded or included not in accordance

with generally accepted accounting principles. A reconciliation of this non-GAAP measure to the most directly comparable GAAP measure, as well as disclosure of the reasons why the company uses this measure, is included in the financial information accompanying this release.

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RELEASE NO.: 0418/8646

http://www.unisys.com/about__unisys/news_a_events/04188646.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 Ended March 31	
	2006	2005
Revenue		
Services	\$1,176.4	\$1,107.7
Technology	211.4	258.9
	-----	-----
	1,387.8	1,366.6
Costs and expenses		
Cost of revenue:		
Services	1,076.5	981.4
Technology	109.4	124.9
	-----	-----
	1,185.9	1,106.3
Selling, general and administrative	295.4	261.6
Research and development	75.3	64.9
	-----	-----
	1,556.6	1,432.8
	-----	-----
Operating loss	(168.8)	(66.2)
Interest expense	19.8	12.6
Other income (expense), net	153.4	0.5
	-----	-----
Loss before income taxes	(35.2)	(78.3)
Benefit for income taxes	(7.3)	(32.8)
	-----	-----
Net loss	(\$27.9)	(\$45.5)
	=====	=====
Loss per share		
Basic	(\$.08)	(\$.13)
	=====	=====
Diluted	(\$.08)	(\$.13)
	=====	=====
Shares used in the per share computations (thousands):		
Basic	342,458	338,248
	=====	=====
Diluted	342,458	338,248
	=====	=====

UNISYS CORPORATION
SEGMENT RESULTS
(Millions)

	Total	Elimi- nations	Services	Technology
	-----	-----	-----	-----
Three Months Ended March 31, 2006 -----				
Customer revenue	\$1,387.8		\$1,176.4	\$211.4
Intersegment		(\$42.6)	3.4	39.2
	-----	-----	-----	-----
Total revenue	\$1,387.8	(\$42.6)	\$1,179.8	\$250.6
	=====	=====	=====	=====
Gross profit percent	14.5%		15.2%	41.9%
	=====		=====	=====
Operating loss percent	(12.2%)		(0.9%)	(5.4%)
	=====		=====	=====
Three Months Ended March 31, 2005 -----				
Customer revenue	\$1,366.6		\$1,107.7	\$258.9
Intersegment		(\$59.9)	4.8	55.1
	-----	-----	-----	-----
Total revenue	\$1,366.6	(\$59.9)	\$1,112.5	\$314.0
	=====	=====	=====	=====
Gross profit percent	19.0%		11.0%	47.7%
	=====		=====	=====
Operating profit (loss) percent	(4.8%)		(6.8%)	6.1%
	=====		=====	=====

* 2006 results exclude charges for cost reductions and related actions booked in March 2006

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions)

	March 31, 2006	December 31, 2005
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$980.2	\$642.5
Accounts and notes receivable, net	1,066.4	1,111.5
Inventories		
Parts and finished equipment	100.8	103.4
Work in process and materials	88.0	90.7
Deferred income taxes	88.1	68.2
Prepaid expense and other current assets	158.1	137.0
	-----	-----
Total	2,481.6	2,153.3
	-----	-----
Properties	1,339.3	1,320.8
Less accumulated depreciation and amortization	963.7	934.4
	-----	-----
Properties, net	375.6	386.4
	-----	-----
Outsourcing assets, net	407.0	416.0
Marketable software, net	320.4	327.6
Investments at equity	1.1	207.8
Prepaid pension cost	1,333.2	66.1
Deferred income taxes	138.4	138.4
Goodwill	192.1	192.0
Other long-term assets	138.3	141.3
	-----	-----
Total	\$5,387.7	\$4,028.9
	=====	=====
Liabilities and stockholders' equity (deficit)		
Current liabilities		
Notes payable	\$19.7	\$18.1
Current maturities of long-term debt	58.7	58.8
Accounts payable	445.3	444.6
Other accrued liabilities	1,403.0	1,293.3
	-----	-----
Total	1,926.7	1,814.8
	-----	-----
Long-term debt	1,049.1	1,049.0
Accrued pension liabilities	351.9	506.9
Other long-term liabilities	679.1	690.8
Stockholders' equity (deficit)		
Common stock	3.5	3.4
Accumulated deficit	(2,136.0)	(2,108.1)
Other capital	3,922.8	3,917.0
Accumulated other comprehensive loss	(409.4)	(1,844.9)
	-----	-----
Stockholders' equity (deficit)	1,380.9	(32.6)
	-----	-----
Total	\$5,387.7	\$4,028.9
	=====	=====

UNISYS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Three Months Ended March 31	
	2006	2005
	-----	-----
Cash flows from operating activities		
Net loss	(\$27.9)	(\$45.5)
Add (deduct) items to reconcile net loss to net cash provided by operating activities:		
Equity loss	4.3	4.3
Employee stock compensation expense (income)	1.7	(.4)
Depreciation and amortization of properties	30.3	30.0
Depreciation and amortization of outsourcing assets	35.0	34.7
Amortization of marketable software	33.1	28.5
Gain on sale of NUL shares and other investments	(153.2)	
Increase in deferred income taxes, net	(19.8)	(.3)
Decrease in receivables, net	67.0	90.5
Decrease (increase) in inventories	4.3	(6.5)
Increase (decrease) in accounts payable and other accrued liabilities	94.5	(225.1)
(Decrease) increase in other liabilities	(14.6)	97.7
Increase in other assets	(30.8)	(16.4)
Other	3.0	35.3
	-----	-----
Net cash provided by operating activities	26.9	26.8
	-----	-----
Cash flows from investing activities		
Proceeds from investments	1,869.3	1,779.9
Purchases of investments	(1,870.6)	(1,776.8)
Investment in marketable software	(27.1)	(33.0)
Capital additions of properties	(21.6)	(22.4)
Capital additions of outsourcing assets	(24.6)	(41.9)
Proceeds from sale of NUL shares and other investments	380.6	
	-----	-----
Net cash provided by (used for) investing activities	306.0	(94.2)
	-----	-----
Cash flows from financing activities		
Net proceeds from short-term borrowings	1.6	1.7
Proceeds from employee stock plans	.6	6.6
Payments of long-term debt		(150.3)
	-----	-----
Net cash provided by (used for) financing activities	2.2	(142.0)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	2.6	(9.5)
	-----	-----
Increase (decrease) in cash and cash equivalents	337.7	(218.9)
Cash and cash equivalents, beginning of period	642.5	660.5
	-----	-----
Cash and cash equivalents, end of period	\$980.2	\$441.6
	=====	=====

Reconciliation of GAAP to Non-GAAP
Financial Information

The preceding release presents information with and without pension expense. Unisys believes that this information will enhance an overall understanding of its financial performance due to the significant change in pension expense from period to period and the non-operational nature of pension expense. The presentation of non-GAAP information is not meant to be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States.

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
CONSOLIDATED STATEMENTS OF INCOME
(Millions, except per share data)

	Three Months Ended March 31, 2006		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,387.8		\$1,387.8
Costs and expenses			
Cost of revenue	1,185.9	(\$7.7)	1,178.2
Selling, general and administrative	295.4	(1.8)	293.6
Research and development	75.3	1.6	76.9
	-----	-----	-----
	1,556.6	(7.9)	1,548.7
	-----	-----	-----
Operating loss	(168.8)	7.9	(160.9)
Interest expense	19.8		19.8
Other income (expense), net	153.4		153.4
	-----	-----	-----
Loss before income taxes	(35.2)	7.9	(27.3)
Benefit for income taxes	(7.3)	5.8	(1.5)
	-----	-----	-----
Net loss	(\$27.9)	\$2.1	(\$25.8)
	=====	=====	=====
Loss per share	(\$.08)	\$.00	(\$.08)
	=====	=====	=====

	Three Months Ended March 31, 2005		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,366.6		\$1,366.6
Costs and expenses			
Cost of revenue	1,106.3	(\$32.8)	1,073.5
Selling, general and administrative	261.6	(9.1)	252.5
Research and development	64.9	(4.9)	60.0
	-----	-----	-----
	1,432.8	(46.8)	1,386.0
	-----	-----	-----
Operating income (loss)	(66.2)	46.8	(19.4)
Interest expense	12.6		12.6
Other income (expense), net	0.5		0.5
	-----	-----	-----
Income (loss) before income taxes	(78.3)	46.8	(31.5)
Provision (benefit) for income taxes	(32.8)	15.0	(17.8)
	-----	-----	-----
Net income (loss)	(\$45.5)	\$31.8	(\$13.7)
	=====	=====	=====
Earnings (loss) per share	(\$.13)	\$.09	(\$.04)
	=====	=====	=====

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
SEGMENT RESULTS OF OPERATIONS
(Millions)

	Three Months Ended March 31, 2006		
	As Reported	Less Pension Expense	Without Pension Expense

Services Segment *			
Total revenue	\$1,179.8		\$1,179.8
Gross profit	179.1	(\$8.1)	187.2
% of revenue	15.2%		15.9%
Operating loss	(10.5)	(9.6)	(0.9)
% of revenue	-0.9%		-0.1%
Technology Segment *			
Total revenue	250.6		250.6
Gross profit	105.1	0.4	104.7
% of revenue	41.9%		41.8%
Operating loss	(13.5)	1.7	(15.2)
% of revenue	-5.4%		-6.1%
Total Company			
Total revenue	1,387.8		1,387.8
Gross profit	201.9	(7.7)	209.6
% of revenue	14.5%		15.1%
Operating loss	(168.8)	(7.9)	(160.9)
% of revenue	-12.2%		-11.6%

	Three Months Ended March 31, 2005		
	As Reported	Less Pension Expense	Without Pension Expense

Services Segment			
Total revenue	\$1,112.5		\$1,112.5
Gross profit	122.2	(\$31.8)	154.0
% of revenue	11.0%		13.8%
Operating income (loss)	(75.1)	(39.4)	(35.7)
% of revenue	-6.8%		-3.2%
Technology Segment			
Total revenue	314.0		314.0
Gross profit	149.7	(1.0)	150.7
% of revenue	47.7%		48.0%
Operating income	19.3	(7.4)	26.7
% of revenue	6.1%		8.5%
Total Company			
Total revenue	1,366.6		1,366.6
Gross profit	260.3	(32.8)	293.1
% of revenue	19.0%		21.4%
Operating income (loss)	(66.2)	(46.8)	(19.4)
% of revenue	-4.8%		-1.4%

* 2006 results exclude charges for cost reductions and related actions booked in March 2006