

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) October 18, 2005

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 October 18, 2005, Unisys Corporation issued a news release regarding its financial results for the quarter ended September 30, 2005. 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: October 18, 2005

By: /s/ Janet B. Haugen

Janet B. Haugen
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit
No.

- - - - -

99 News Release, dated October 18, 2005, of Unisys Corporation.

UNISYS

Media Contact: Jacqueline Lewis, 215-986-5204 jacqueline.lewis@unisys.com

Investor Contact:

Jim Kerr, 215-986-5795 jim.kerr@unisys.com

UNISYS ANNOUNCES PRELIMINARY THIRD-QUARTER 2005 FINANCIAL RESULTS; COMPANY ANNOUNCES STRATEGIC ACTIONS TO DRIVE PROFITABLE GROWTH, REQUIRING REVIEW OF DEFERRED TAX ASSET

BLUE BELL, Pa., October 18, 2005 - Unisys Corporation (NYSE: UIS) today reported a preliminary third-quarter 2005 net loss of \$54.3 million, or 16 cents per share, including a pre-tax charge of \$10.7 million, or 2 cents per share, related to the company's cash tender for its 8 1/8% notes due 2006. This compared with third-quarter 2004 net income of \$25.2 million, or 7 cents per diluted share. The year-ago results included a net benefit of \$8.2 million, or 2 cents per diluted share, from a tax benefit net of a charge for cost reduction actions. The results are preliminary because the strategic actions being announced today are requiring the company to review the recoverability of its \$1.6 billion deferred tax asset, net. This review will be completed by the time the company files its timely third-quarter 10Q. The results of this review could impact the final third-quarter financial results.

The third-quarter 2005 results include pre-tax pension expense of \$44.2 million, or 9 cents per share, compared with pension expense of \$23.5 million, or 5 cents per share, in the year-ago quarter. Excluding the impact of pension expense in both periods, the third-quarter 2005 net loss was \$24.3 million, or 7 cents per share, compared with net income of \$41.1 million, or 12 cents per diluted share, in the third quarter of 2004. These results include the items discussed above. Revenue for the third quarter of 2005 declined 4% to \$1.39 billion from \$1.45 billion in the year-ago quarter. Currency had a 1 percentage-point positive impact on the company's revenue in the third quarter, reflecting a weak U.S. dollar against most major currencies worldwide.

COMMENTS FROM PRESIDENT AND CEO JOSEPH W. MCGRATH

"We are disappointed by these results, and we are taking decisive actions to accelerate our repositioning efforts," said Joseph W. McGrath, Unisys President and Chief Executive Officer. "These actions, which are beginning now and will roll out through 2006, will enable us to focus our resources on high-growth, high-return market segments, reduce costs, and drive profitable revenue growth. As these actions take hold, we believe they will enable us to build our financial momentum and result in significantly improved profitability."

McGrath said, as a result of its strategic review process, the company will take actions in the following areas:

- * Focused investments. The company will focus its resources on high-growth market areas - outsourcing, open source/Linux, Microsoft solutions, and security - delivered through a vertical industry focus. Within its technology business, the company remains strongly committed to its ClearPath and ES7000 systems and will continue to invest in operating systems and software to drive continuous improvements in new features and capabilities.
- * Divestitures. As it concentrates its resources on the areas discussed above, the company plans to divest non-strategic areas of the business and use the proceeds from such asset sales or divestitures to implement cost reduction actions, fund its growth businesses, and pursue complementary tuck-in acquisitions.
- * Cost reduction. The company plans to rightsize its cost structure to support its more focused business model and to improve margins. As a result of a series of actions in services delivery, research and development, and selling, general, and administrative areas, the company plans to reduce its headcount by 10% of its current workforce over the next year. Unisys expects to take cost restructuring charges of approximately \$250 - \$300 million through 2006 for these actions. These actions are expected to yield approximately \$250 million of annualized cost savings on a run-rate basis by the end of 2007.
- * Sales and marketing. The company continues to make significant changes to its sales and marketing programs to support its more focused model and drive profitable order and revenue growth. In the sales area, Unisys has recently significantly strengthened its business development skills by recruiting first-

class sales management and personnel and by implementing high-impact training to more effectively manage relationships with large accounts and drive new business.

"We believe these actions will position Unisys as a major player in large, fast-growing market areas, with a competitive cost structure, and a highly skilled, highly focused workforce," McGrath said. "As the actions take hold, they should enable us to grow at or above industry growth rates, significantly expand our margins and profitability, and position Unisys as a leader in our chosen market segments."

THIRD-QUARTER COMPANY RESULTS

The company reported a decline in overall orders in the third quarter. Services orders declined double digits, driven by substantial order declines in the outsourcing business, which can vary substantially from quarter to quarter. Systems integration and consulting orders grew double digits over a year ago. In technology, growth in ES7000 orders was offset by order declines for ClearPath mainframes.

Significant contracts signed in the quarter included:

* An IT outsourcing contract from the U.S. Department of Health and Human Services (HHS) under which Unisys will support 8,000 users across eight HHS operating divisions; the contract has a three-year base period, worth approximately \$65 million, and one two-year option period that is potentially worth approximately an additional \$35 million;

* A significant, multi-year contract from Lufthansa Systems to provide the Unisys AirCore solution as the basis for Lufthansa Systems' next-generation airline passenger management system;

* A five-year outsourcing contract, valued at approximately \$30 million, from ABN AMRO under which Unisys will process the bank's paper-based payments in the Netherlands through the Unisys Payment Services and Solutions (UPSS) operation;

* A contract from the U.S. Federal Bureau of Prisons to provide systems and services for the nationwide deployment and operation of a next-generation federal inmate telephone system; the estimated value of the three-year base period of the contract is \$37 million, and if three additional one-year options are exercised, the estimated value could be as high as \$96 million.

The company said its financial results in the quarter reflected weakness in its high-end server business, as a few clients deferred decisions on transactions that had been expected to close in the quarter. In its services business, the company's margins were impacted by lower-than-expected revenue, underutilization of personnel and higher implementation costs in project-based businesses, and continuing issues in the two challenging outsourcing operations.

Revenue in the U.S. grew 3% to \$672 million. Revenue in international markets declined 10% in the quarter to \$715 million.

The company's gross profit margin and operating profit margin in the quarter were 17.7% and (5.5%), respectively, compared with 23.6% and (2.6%) in the third quarter of 2004. The year-over-year margin declines were principally due to the impact of weakness in project-based services, lower sales of enterprise servers, and higher pension expense. Excluding pension expense in both periods, overall gross profit margin and operating profit margin for the third quarter of 2005 were 19.9% and (2.3%), respectively, compared with 24.8% and (1.0%) in the third quarter of 2004.

THIRD-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 third-quarter 2004 cost reduction charges discussed above.

Customer revenue in the company's services segment grew 2% in the third quarter of 2005 compared with the year-ago period. Services revenue growth was driven by double-digit growth in outsourcing and single-digit growth in infrastructure services. Growth in these areas was partially offset by a single-digit revenue decline in systems integration and consulting and a double-digit revenue decline in core maintenance. On a reported basis, gross profit margin in the services business declined to 11.3% from 16.2% a year ago, while the services operating margin was (5.1%) compared with (0.2%) a year ago. The services margin declines in the quarter primarily reflected the weakness in project-based services as well as the increase in pension expense. Excluding the impact of pension expense in both periods, services gross profit margin declined to 13.8% from 17.6% a year ago, while services operating margin declined to (2.0%) compared with 1.6% a year ago.

Customer revenue in the company's technology segment declined 29% in the third

quarter. Sales of enterprise servers and specialized equipment both showed double-digit declines in the quarter. On a reported basis, technology gross margin declined to 42.4% from 51.0% a year ago, and technology operating margin declined to (5.9%) from 13.9% a year ago. Excluding the impact of pension expense in both periods, the technology gross margin decreased to 42.8% in the third quarter of 2005 from 51.1% in the year-ago quarter and the technology operating margin declined to (3.0%) compared with 14.7% in the year-ago period. The technology margin declines in the quarter reflected lower sales and margin in high-end enterprise servers.

CASH FLOW RESULTS

Unisys used \$68 million of cash from operations in the quarter compared with cash flow from operations of \$6 million in the year-ago quarter. The decline in operational cash flow year-over-year was primarily driven by lower net income.

Capital expenditures in the third quarter of 2005 were \$85 million, including \$60 million invested in revenue-generating projects. This compared to capital expenditures of \$84 million in the year-ago quarter, including \$64 million in revenue-generating projects.

During the third quarter of 2005 Unisys announced a cash tender offer for all of its \$400 million of 8 1/8% senior notes due June 2006. Holders representing \$342.1 million aggregate principal amount of notes, or about 86% of the notes outstanding, tendered their notes. The company financed the transaction with the proceeds of its \$550 million of senior notes, which were offered during the quarter in two tranches -- \$400 million of 8% senior notes due 2012 and \$150 million of 8 1/2% senior notes due 2015. The company ended the quarter with \$466 million of cash on hand.

BUSINESS OUTLOOK

"As we work through the current significant changes to our business, we are taking a conservative view of our financial results over the near term," McGrath said. "We look to close out 2005 with a profitable fourth quarter, excluding any impact of the planned actions, driven by higher sales of enterprise servers in our technology business. Our fourth-quarter results will be heavily dependent on our ability to close a number of very large technology transactions in the quarter. Given this dependency, our earnings per share, excluding pension expense and any impact of the planned actions, could range from 10 - 15 cents per share in the fourth quarter of 2005. We will continue to execute against our repositioning efforts and take the aggressive actions to drive improved results in 2006."

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 information technology services and solutions company. Our people combine expertise in consulting, systems integration, outsourcing, infrastructure and server technology 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.

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. In particular, the company's ability to divest non-strategic areas of the business and to use the proceeds as planned is dependent upon the market for these businesses and on the company's ability to sell them for an acceptable price. In addition, the estimated charges associated with planned cost-reduction actions are subject to change based upon the degree to which the company generates cash, the location and length of service of the affected employees, the number of employees who leave the company voluntarily, and other factors. The anticipated cost savings associated with the planned headcount reductions are subject to the risk that the company may not implement the reductions as quickly or as fully as currently planned. 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 contracts continuing 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

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: xxxx/xxxx (See accompanying financial information)

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

	Three Months		Nine Months	
	Ended September 30		Ended September 30	
	2005	2004	2005	2004
Revenue				
Services	\$1,174.0	\$1,147.1	\$3,517.7	\$3,470.9
Technology	213.1	298.6	671.5	825.8
	1,387.1	1,445.7	4,189.2	4,296.7
Costs and expenses				
Cost of revenue:				
Services	1,036.0	965.7	3,080.8	2,821.6
Technology	105.1	139.0	324.7	375.5
	1,141.1	1,104.7	3,405.5	3,197.1
Selling, general and administrative	261.0	303.7	790.0	837.8
Research and development	61.2	75.3	192.7	218.1
	1,463.3	1,483.7	4,388.2	4,253.0
Operating income (loss)	(76.2)	(38.0)	(199.0)	43.7
Interest expense	17.1	16.2	44.9	51.4
Other income (expense), net	13.3	(3.0)	45.8	21.6
Income (loss) before income taxes	(80.0)	(57.2)	(198.1)	13.9
Provision (benefit) for income taxes	(25.7)	(82.4)	(71.2)	(59.6)

Net income (loss)	----- (\$54.3)	----- \$25.2	----- (\$126.9)	----- \$73.5
	=====	=====	=====	=====
Earnings (loss) per share				
Basic	----- (\$.16)	----- \$.08	----- (\$.37)	----- \$.22
	=====	=====	=====	=====
Diluted	----- (\$.16)	----- \$.07	----- (\$.37)	----- \$.22
	=====	=====	=====	=====
Shares used in the per share computations (thousands):				
Basic	----- 340,914	----- 335,576	----- 339,736	----- 334,236
	=====	=====	=====	=====
Diluted	----- 340,914	----- 337,362	----- 339,736	----- 338,059
	=====	=====	=====	=====

UNISYS CORPORATION
PRELIMINARY SEGMENT RESULTS
(Millions)

	Total	Elimi- nations	Services	Technology
	-----	-----	-----	-----
Three Months Ended September 30, 2005 -----				
Customer revenue Intersegment	\$1,387.1	(\$57.1)	\$1,174.0 4.5	\$213.1 52.6
	-----	-----	-----	-----
Total revenue	\$1,387.1	(\$57.1)	\$1,178.5	\$265.7
	=====	=====	=====	=====
Gross profit percent	17.7%		11.3%	42.4%
	=====		=====	=====
Operating profit (loss) percent	(5.5%)		(5.1%)	(5.9%)
	=====		=====	=====
Three Months Ended September 30, 2004 -----				
Customer revenue Intersegment	\$1,445.7	(\$63.6)	\$1,147.1 5.2	\$298.6 58.4
	-----	-----	-----	-----
Total revenue	\$1,445.7	(\$63.6)	\$1,152.3	\$357.0
	=====	=====	=====	=====
Gross profit percent	23.6%		16.2%	51.0%
	=====		=====	=====
Operating profit (loss) percent	(2.6%)		(0.2%)	13.9%
	=====		=====	=====
Nine Months Ended September 30, 2005 -----				
Customer revenue Intersegment	\$4,189.2	(\$192.7)	\$3,517.7 14.2	\$671.5 178.5
	-----	-----	-----	-----
Total revenue	\$4,189.2	(\$192.7)	\$3,531.9	\$850.0
	=====	=====	=====	=====
Gross profit percent	18.7%		11.5%	45.0%
	=====		=====	=====
Operating profit (loss) percent	(4.8%)		(5.1%)	(1.1%)
	=====		=====	=====
Nine Months Ended September 30, 2004 -----				
Customer revenue Intersegment	\$4,296.7	(\$166.6)	\$3,470.9 14.5	\$825.8 152.1
	-----	-----	-----	-----
Total revenue	\$4,296.7	(\$166.6)	\$3,485.4	\$977.9
	=====	=====	=====	=====
Gross profit percent	25.6%		17.9%	50.7%
	=====		=====	=====
Operating profit percent	1.0%		1.0%	9.6%
	=====		=====	=====

* 2004 results exclude charges for cost reductions and related actions as announced on October 6, 2004

UNISYS CORPORATION
PRELIMINARY CONSOLIDATED BALANCE SHEETS
(Millions)

	September 30, 2005	December 31, 2004
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$466.1	\$660.5
Accounts and notes receivable, net	1,118.2	1,136.8
Inventories		
Parts and finished equipment	86.9	93.7
Work in process and materials	109.1	122.4
Deferred income taxes	292.4	291.8
Prepaid expense and other current assets	142.7	112.4
	-----	-----
Total	2,215.4	2,417.6
	-----	-----
Properties	1,326.8	1,305.5
Less accumulated depreciation and amortization	928.9	881.4
	-----	-----
Properties, net	397.9	424.1
	-----	-----
Outsourcing assets, net	428.3	431.9
Marketable software, net	335.3	336.8
Investments at equity	197.1	197.1
Prepaid pension cost	43.3	52.5
Deferred income taxes	1,394.6	1,394.6
Goodwill	193.1	189.9
Other long-term assets	158.3	176.4
	-----	-----
Total	\$5,363.3	\$5,620.9
	=====	=====
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$4.7	\$1.0
Current maturities of long-term debt	60.5	151.7
Accounts payable	413.0	487.4
Other accrued liabilities	1,053.0	1,382.7
	-----	-----
Total	1,531.2	2,022.8
	-----	-----
Long-term debt	1,052.2	898.4
Accrued pension liabilities	638.9	537.9
Other long-term liabilities	708.2	655.3
Stockholders' equity		
Common stock	3.4	3.4
Accumulated deficit	(503.1)	(376.2)
Other capital	3,911.6	3,883.8
Accumulated other comprehensive loss	(1,979.1)	(2,004.5)
	-----	-----
Stockholders' equity	1,432.8	1,506.5
	-----	-----
Total	\$5,363.3	\$5,620.9

UNISYS CORPORATION
PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Nine Months Ended September 30	
	2005	2004
Cash flows from operating activities		
Net income (loss)	(\$126.9)	\$73.5
Add (deduct) items to reconcile net income (loss) to net cash provided by operating activities:		
Equity income	(3.8)	(7.2)
Depreciation and amortization of properties	89.7	99.9
Depreciation and amortization of outsourcing assets	96.0	88.6
Amortization of marketable software	91.6	96.6
Gain on the sale of facility	(15.8)	
Loss on the tender of debt	10.7	
Increase in deferred income taxes, net	(.6)	(25.3)
Decrease in receivables, net	20.7	97.2
Decrease in inventories	19.6	19.1
Decrease in accounts payable and other accrued liabilities	(344.6)	(260.1)
Increase in other liabilities	199.4	19.8
Increase in other assets	(48.8)	(9.8)
Other	35.3	50.6
	22.5	242.9
Cash flows from investing activities		
Proceeds from investments	5,758.9	4,423.4
Purchases of investments	(5,746.2)	(4,427.4)
Investment in marketable software	(93.7)	(88.8)
Capital additions of properties	(84.9)	(95.5)
Capital additions of outsourcing assets	(115.7)	(126.6)
Purchases of businesses	(.5)	(18.6)
Proceeds from sales of properties	23.4	
	(258.7)	(333.5)
Cash flows from financing activities		
Net proceeds from (reduction in) short-term borrowings	3.8	(1.0)
Proceeds from employee stock plans	12.8	30.9
Payments of long-term debt	(500.2)	(2.3)
Proceeds from issuance of long-term debt	541.5	
	57.9	27.6
Effect of exchange rate changes on cash and cash equivalents	(16.1)	.8
	(194.4)	(62.2)
Cash and cash equivalents, beginning of period	660.5	635.9
	\$466.1	\$573.7
	\$466.1	\$573.7

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

	Three Months Ended September 30, 2005		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,387.1		\$1,387.1
Costs and expenses			
Cost of revenue	1,141.1	(\$30.2)	1,110.9
Selling, general and administrative	261.0	(9.1)	251.9
Research and development	61.2	(4.9)	56.3
	-----	-----	-----
	1,463.3	(44.2)	1,419.1
	-----	-----	-----
Operating income (loss)	(76.2)	44.2	(32.0)
Interest expense	17.1		17.1
Other income (expense), net	13.3		13.3
	-----	-----	-----
Income (loss) before income taxes	(80.0)	44.2	(35.8)
Provision (benefit) for income taxes	(25.7)	14.2	(11.5)
	-----	-----	-----
Net income (loss)	(\$54.3)	\$30.0	(\$24.3)
	=====	=====	=====
Earnings (loss) per share	(\$.16)	\$.09	(\$.07)
	=====	=====	=====

	Three Months Ended September 30, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,445.7		\$1,445.7
Costs and expenses			
Cost of revenue	1,104.7	(\$17.1)	1,087.6
Selling, general and administrative	303.7	(4.4)	299.3
Research and development	75.3	(2.0)	73.3
	-----	-----	-----
	1,483.7	(23.5)	1,460.2
	-----	-----	-----
Operating income (loss)	(38.0)	23.5	(14.5)
Interest expense	16.2		16.2
Other income (expense), net	(3.0)		(3.0)
	-----	-----	-----
Income (loss) before income taxes	(57.2)	23.5	(33.7)
Provision (benefit) for income taxes	(82.4)	7.6	(74.8)
	-----	-----	-----
Net income	\$25.2	\$15.9	\$41.1
	=====	=====	=====
Earnings per share	\$.07	\$.05	\$.12
	=====	=====	=====

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

	Nine Months Ended September 30, 2005		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$4,189.2		\$4,189.2
Costs and expenses			
Cost of revenue	3,405.5	(\$95.0)	3,310.5
Selling, general and administrative	790.0	(27.1)	762.9
Research and development	192.7	(14.7)	178.0
	-----	-----	-----
	4,388.2	(136.8)	4,251.4
	-----	-----	-----
Operating income (loss)	(199.0)	136.8	(62.2)
Interest expense	44.9		44.9
Other income (expense), net	45.8		45.8
	-----	-----	-----
Income (loss) before income taxes	(198.1)	136.8	(61.3)
Provision (benefit) for income taxes	(71.2)	43.8	(27.4)
	-----	-----	-----
Net income (loss)	(\$126.9)	\$93.0	(\$33.9)
	=====	=====	=====
Earnings (loss) per share	(\$.37)	\$.27	(\$.10)
	=====	=====	=====

	Nine Months Ended September 30, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$4,296.7		\$4,296.7
Costs and expenses			
Cost of revenue	3,197.1	(\$50.4)	3,146.7
Selling, general and administrative	837.8	(14.1)	823.7
Research and development	218.1	(6.0)	212.1
	-----	-----	-----
	4,253.0	(70.5)	4,182.5
	-----	-----	-----
Operating income	43.7	70.5	114.2
Interest expense	51.4		51.4
Other income (expense), net	21.6		21.6
	-----	-----	-----
Income before income taxes	13.9	70.5	84.4
Provision (benefit) for income taxes	(59.6)	22.6	(37.0)
	-----	-----	-----
Net income	\$73.5	\$47.9	\$121.4
	=====	=====	=====
Earnings per share	\$.22	\$.14	\$.36
	=====	=====	=====

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

	Three Months Ended September 30, 2005		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment			
Total revenue	\$1,178.5		\$1,178.5
Gross profit	133.3	(\$29.2)	162.5
% of revenue	11.3%		13.8%
Operating income (loss)	(60.2)	(36.7)	(23.5)
% of revenue	-5.1%		-2.0%
Technology Segment			
Total revenue	265.7		265.7
Gross profit	112.6	(1.0)	113.6
% of revenue	42.4%		42.8%
Operating income (loss)	(15.6)	(7.5)	(8.1)
% of revenue	-5.9%		-3.0%
Total Company			
Total revenue	1,387.1		1,387.1
Gross profit	246.0	(30.2)	276.2
% of revenue	17.7%		19.9%
Operating income (loss)	(76.2)	(44.2)	(32.0)
% of revenue	-5.5%		-2.3%

	Three Months Ended September 30, 2004		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment *			
Total revenue	\$1,152.3		\$1,152.3
Gross profit	186.2	(\$16.7)	202.9
% of revenue	16.2%		17.6%
Operating income (loss)	(2.2)	(20.6)	18.4
% of revenue	-0.2%		1.6%
Technology Segment *			
Total revenue	357.0		357.0
Gross profit	182.0	(0.4)	182.4
% of revenue	51.0%		51.1%
Operating income	49.7	(2.9)	52.6
% of revenue	13.9%		14.7%
Total Company			
Total revenue	1,445.7		1,445.7
Gross profit	341.0	(17.1)	358.1
% of revenue	23.6%		24.8%
Operating income (loss)	(38.0)	(23.5)	(14.5)
% of revenue	-2.6%		-1.0%

* 2004 results exclude charges for cost reductions and related actions as announced on October 6, 2004

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

	Nine Months Ended September 30, 2005		
	As Reported	Less Pension Expense	Without Pension Expense
	-----	-----	-----
Services Segment			
Total revenue	\$3,531.9		\$3,531.9
Gross profit	406.6	(\$92.1)	498.7
% of revenue	11.5%		14.1%
Operating income (loss)	(181.7)	(114.6)	(67.1)
% of revenue	-5.1%		-1.9%
Technology Segment			
Total revenue	850.0		850.0
Gross profit	382.8	(2.9)	385.7
% of revenue	45.0%		45.4%
Operating income	(9.2)	(22.2)	13.0
% of revenue	-1.1%		1.5%
Total Company			
Total revenue	4,189.2		4,189.2
Gross profit	783.7	(95.0)	878.7
% of revenue	18.7%		21.0%
Operating income (loss)	(199.0)	(136.8)	(62.2)
% of revenue	-4.8%		-1.5%

	Nine Months Ended September 30, 2004		
	As Reported	Less Pension Expense	Without Pension Expense
	-----	-----	-----
Services Segment *			
Total revenue	\$3,485.4		\$3,485.4
Gross profit	624.0	(\$49.3)	673.3
% of revenue	17.9%		19.3%
Operating income	35.2	(61.0)	96.2
% of revenue	1.0%		2.8%
Technology Segment *			
Total revenue	977.9		977.9
Gross profit	496.2	(1.1)	497.3
% of revenue	50.7%		50.9%
Operating income	94.0	(9.5)	103.5
% of revenue	9.6%		10.6%
Total Company			
Total revenue	4,296.7		4,296.7
Gross profit	1,099.6	(50.4)	1,150.0
% of revenue	25.6%		26.8%
Operating income	43.7	(70.5)	114.2
% of revenue	1.0%		2.7%

* 2004 results exclude charges for cost reductions and related actions as announced on October 6, 2004

UNISYS CORPORATION
 RECONCILIATION OF GAAP TO NON-GAAP
 FORWARD-LOOKING ESTIMATED EARNINGS (LOSS) PER SHARE

	Three Months Ending 12/31/2005 -----
Earnings per share- on a GAAP basis	.01 - .06
Add back estimated pension expense, net of tax	.09 -----
Earnings per share- on a NON-GAAP basis (excluding pension expense)	.10 - .15 =====

NOTE: See section in press release entitled
 "Forward-Looking Statements".