

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1994.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8729

UNISYS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 38-0387840
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

Township Line and Union Meeting Roads
Blue Bell, Pennsylvania 19424
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (215) 986-4011

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO

Number of shares of Common Stock outstanding as of June 30, 1994:
170,820,349

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Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEET
(Millions)

| | June 30, 1994 (Unaudited) | December 31, 1993 (Audited) |
|------------------------------------|---------------------------------|-----------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 492.2 | \$ 835.4 |
| Marketable securities | 35.9 | 115.1 |
| Accounts and notes receivable, net | 1,038.1 | 1,088.2 |
| Inventories | | |
| Finished equipment and supplies | 353.8 | 354.1 |
| Work in process and raw materials | 469.3 | 399.8 |

| | | |
|--|-----------|-----------|
| Deferred income taxes | 313.4 | 313.4 |
| Other current assets | 94.2 | 94.1 |
| | ----- | ----- |
| Total | 2,796.9 | 3,200.1 |
| | ----- | ----- |
| Long-term receivables, net | 96.9 | 104.3 |
| | ----- | ----- |
| Properties and rental equipment | 2,708.4 | 2,776.0 |
| Less-Accumulated depreciation | 1,771.2 | 1,814.2 |
| | ----- | ----- |
| Properties and rental equipment, net | 937.2 | 961.8 |
| | ----- | ----- |
| Cost in excess of net assets acquired | 1,163.2 | 1,183.9 |
| Investments at equity | 310.8 | 303.6 |
| Deferred income taxes | 543.8 | 543.8 |
| Other assets | 1,181.0 | 1,221.7 |
| | ----- | ----- |
| Total | \$7,029.8 | \$7,519.2 |
| | ===== | ===== |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Notes payable | \$ 10.3 | \$ 6.0 |
| | | |
| Current maturities of long-term debt | 71.2 | 25.0 |
| Accounts payable | 900.9 | 1,027.0 |
| Other accrued liabilities | 869.3 | 1,016.1 |
| Dividends payable | 26.6 | 39.9 |
| Estimated income taxes | 232.8 | 251.9 |
| | ----- | ----- |
| Total | 2,111.1 | 2,365.9 |
| | ----- | ----- |
| Long-term debt | 1,864.3 | 2,025.0 |
| Other liabilities | 401.7 | 432.8 |
| Stockholders' equity | | |
| Preferred stock | 1,570.3 | 1,570.2 |
| Common stock, issued: 1994, 171.7; 1993, 171.2 | 1.7 | 1.7 |
| Retained earnings | 114.9 | 159.8 |
| Other capital | 965.8 | 963.8 |
| | ----- | ----- |
| Stockholders' equity | 2,652.7 | 2,695.5 |
| | ----- | ----- |
| Total | \$7,029.8 | \$7,519.2 |
| | ===== | ===== |

<FN>

See notes to consolidated financial statements.

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

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|-----------------------|-------------------------------|-----------|-----------------------------|-----------|
| | 1994 | 1993 | 1994 | 1993 |
| | ----- | ----- | ----- | ----- |
| Revenue | | | | |
| Sales | \$ 975.7 | \$1,191.8 | \$1,950.2 | \$2,381.4 |
| Services | 487.3 | 370.9 | 872.7 | 717.4 |
| Equipment maintenance | 336.2 | 364.5 | 665.2 | 735.9 |
| | ----- | ----- | ----- | ----- |
| | 1,799.2 | 1,927.2 | 3,488.1 | 3,834.7 |
| | ----- | ----- | ----- | ----- |
| Costs and expenses | | | | |
| Cost of sales | 586.8 | 686.2 | 1,171.4 | 1,401.0 |

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Cost of services | 378.3 | 284.6 | 687.2 | 564.3 |
| Cost of equipment maintenance | 206.1 | 204.3 | 403.9 | 428.2 |
| Selling, general and administrative | 391.3 | 410.3 | 744.3 | 816.7 |
| Research and development | 117.6 | 124.1 | 239.2 | 254.4 |
| | <u>1,680.1</u> | <u>1,709.5</u> | <u>3,246.0</u> | <u>3,464.6</u> |
| Operating income | 119.1 | 217.7 | 242.1 | 370.1 |
| Interest expense | 50.9 | 59.7 | 102.9 | 131.8 |
| Other income (expense), net | 2.0 | (6.5) | 26.3 | (3.3) |
| | <u>70.2</u> | <u>151.5</u> | <u>165.5</u> | <u>235.0</u> |
| Income before income taxes | 70.2 | 151.5 | 165.5 | 235.0 |
| Estimated income taxes | 20.3 | 48.5 | 47.9 | 75.2 |
| | <u>49.9</u> | <u>103.0</u> | <u>117.6</u> | <u>159.8</u> |
| Income before extraordinary items and changes in accounting principles | 49.9 | 103.0 | 117.6 | 159.8 |
| Extraordinary items | | | (7.7) | (26.4) |
| Effect of changes in accounting principles | | | | 230.2 |
| | <u>49.9</u> | <u>103.0</u> | <u>109.9</u> | <u>363.6</u> |
| Net income | 49.9 | 103.0 | 109.9 | 363.6 |
| Dividends on preferred shares | 30.0 | 30.6 | 60.1 | 61.0 |
| | <u>19.9</u> | <u>72.4</u> | <u>49.8</u> | <u>302.6</u> |
| Earnings on common shares | \$ 19.9 | \$ 72.4 | \$ 49.8 | \$ 302.6 |
| | <u>19.9</u> | <u>72.4</u> | <u>49.8</u> | <u>302.6</u> |
| Earnings per common share | | | | |
| Primary | | | | |
| Before extraordinary items and changes in accounting principles | \$.12 | \$.44 | \$.33 | \$.60 |
| Extraordinary items | | | (.04) | (.16) |
| Effect of changes in accounting principles | | | | 1.39 |
| | <u>.12</u> | <u>.44</u> | <u>.29</u> | <u>1.83</u> |
| Total | \$.12 | \$.44 | \$.29 | \$ 1.83 |
| | <u>.12</u> | <u>.44</u> | <u>.29</u> | <u>1.83</u> |
| Fully diluted | | | | |
| Before extraordinary items and changes in accounting principles | \$.12 | \$.39 | \$.32 | \$.65 |
| Extraordinary items | | | (.04) | (.11) |
| Effect of changes in accounting principles | | | | .94 |
| | <u>.12</u> | <u>.39</u> | <u>.28</u> | <u>1.48</u> |
| Total | \$.12 | \$.39 | \$.28 | \$ 1.48 |
| | <u>.12</u> | <u>.39</u> | <u>.28</u> | <u>1.48</u> |

<FN>

See notes to consolidated financial statements.

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

| | Six Months Ended June 30 | |
|---|--------------------------|----------|
| | 1994 | 1993 |
| | ---- | ---- |
| Cash flows from operating activities | | |
| Net income | \$ 109.9 | \$ 363.6 |
| Add (deduct) items to reconcile net income to net cash provided by operating activities | | |
| Effect of extraordinary items and changes | | |

| | | |
|--|----------|-----------|
| in accounting principles | 7.7 | (203.8) |
| Depreciation | 124.7 | 156.3 |
| Amortization: | | |
| Marketable software | 76.4 | 69.6 |
| Cost in excess of net assets acquired | 20.7 | 20.7 |
| Decrease in receivables, net | 50.0 | 295.5 |
| (Increase) decrease in inventories | (69.2) | 49.3 |
| (Decrease) in accounts payable and other accrued liabilities | (266.2) | (305.6) |
| (Decrease) in estimated income taxes | (19.1) | (30.5) |
| (Decrease) in other liabilities | (31.1) | (17.8) |
| Decrease in other assets | 26.9 | 2.5 |
| Other | (1.0) | 12.1 |
| | ----- | ----- |
| Net cash provided by operating activities | 29.7 | 411.9 |
| | ----- | ----- |
| Cash flows from investing activities | | |
| Proceeds from investments | 742.6 | 1,067.8 |
| Purchases of investments | (749.4) | (1,068.3) |
| Proceeds from marketable securities | 182.3 | 98.1 |
| Purchases of marketable securities | (92.3) | (48.5) |
| Proceeds from sales of properties | 15.3 | 13.4 |
| Investment in marketable software | (62.7) | (51.9) |
| Capital additions of properties and rental equipment | (96.8) | (96.7) |
| | ----- | ----- |
| Net cash used for investing activities | (61.0) | (86.1) |
| | ----- | ----- |
| Cash flows from financing activities | | |
| Payment of debt | (139.5) | (248.9) |
| Net proceeds from (reduction in) short-term borrowings | 4.3 | (25.1) |
| Dividends paid on preferred shares | (168.0) | (92.1) |
| Other | 2.9 | 3.7 |
| | ----- | ----- |
| Net cash used for financing activities | (300.3) | (362.4) |
| | ----- | ----- |
| Effect of exchange rate changes on cash and cash equivalents | (11.6) | (10.8) |
| | ----- | ----- |
| Decrease in cash and cash equivalents | (343.2) | (47.4) |
| Cash and cash equivalents, beginning of period | 835.4 | 809.1 |
| | ----- | ----- |
| Cash and cash equivalents, end of period | \$ 492.2 | \$ 761.7 |
| | ===== | ===== |

<FN>

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- a. During the six months ended June 30, 1994, the Company recorded an extraordinary charge for the repurchases of debt of \$7.7 million, net of \$5.1 million of income tax benefits, or \$.04 per fully diluted common share.
- b. Effective January 1, 1993, the Company adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS 109, "Accounting for Income Taxes." The adoption of SFAS 106 decreased net income for the six months ended June 30, 1993 by \$194.8 million, net of \$124.5 million of income tax benefits, or \$.79 per fully diluted common share, and the adoption of SFAS 109 increased net income for

the six months ended June 30, 1993 by \$425.0 million, or \$1.73 per fully diluted common share.

- c. In April 1993, the Company settled lawsuits with Honeywell Inc. in connection with its sale of the Sperry Aerospace Group in December 1986. As a result of the settlement, in the six months ended June 30, 1993, the Company recorded an extraordinary charge of \$26.4 million, net of \$16.8 million of income tax benefits, or \$.11 per fully diluted common share.
- d. For the three and six months ended June 30, 1994 and 1993, the computation of primary earnings per share is based on the weighted average number of outstanding common shares and additional shares assuming the exercise of stock options. The computation of fully diluted earnings per share, for the three months ended June 30, 1994 and 1993, and for the six months ended June 30, 1994, assumes the conversion of the 8 1/4% Convertible Subordinated Notes due August 1, 2000, but does not assume conversion of the Series A Preferred Stock since this would have been antidilutive. For the six months ended June 30, 1993, in addition to the assumed conversion of the Convertible Notes, the fully diluted earnings per share computation also assumes the conversion of Series A Preferred Stock. The shares used in the computations are as follows (in thousands):

| | Three months ended June 30, | | Six months ended June 30, | |
|---------------|--------------------------------|---------|------------------------------|---------|
| | 1994 | 1993 | 1994 | 1993 |
| Primary | 172,245 | 164,881 | 172,788 | 164,953 |
| Fully diluted | 205,943 | 198,621 | 206,661 | 246,532 |

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

Results of Operations

For the three months ended June 30, 1994, the Company reported net income of \$49.9 million, or \$.12 per primary and fully diluted common share, compared to net income of \$103.0 million, or \$.44 per primary common share and \$.39 per fully diluted common share, for the three months ended June 30, 1993.

Revenue for the second quarter ended June 30, 1994 was \$1.8 billion, down 7% from \$1.9 billion for the second quarter ended June 30, 1993. The largest declines occurred in Europe, where revenue was weaker than anticipated, and in the Government Systems business, which continues to be impacted by a decline in government spending and increased competition. The Company anticipates a positive turn in European revenue by the fourth quarter. Sales revenue declined 18% to \$1.0 billion from \$1.2 billion in last years' second quarter, due to decreases in sales of enterprise systems and servers, departmental servers and desktop systems, software and custom defense systems. Services revenue increased 31% to \$487.3 million from \$370.9 million in last years' second quarter as the Company continued to implement its strategy to aggressively grow its services and systems integration business. Equipment maintenance revenue declined 8% to \$336.2 million from \$364.5 million last year, due principally to a decline in equipment sales and improved product reliability.

Total gross profit margin was 35% in the second quarter of 1994 compared to 39% in the same period a year earlier. Sales gross profit margin was 40% in the current period compared to 42% last year; services gross profit margin was 22% in the current quarter compared to 23% last year; and equipment maintenance gross profit margin was 39% in the current quarter compared to 44% in the comparable period a year ago. Gross profit margins are expected to be pressured by competitive pricing and the continuing shift to lower margin products and services.

In the second quarter of 1994, selling, general and administrative expenses were \$391.3 million compared to \$410.3 million in the second quarter of 1993. The decline was principally due to the effects of cost containment actions.

Research and development expenses were \$117.6 million in the quarter ended June 30, 1994 compared to \$124.1 million a year earlier.

As a result of the above, operating income was \$119.1 million for the three months ended June 30, 1994 or 7% of revenue, compared to \$217.7 million, or 11% of revenue, in the year ago period. The decline in operating income was principally due to lower revenue and lower gross profit margin. Partially offsetting these declines were further cost reductions.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (cont'd.)

Interest expense was \$50.9 million compared to \$59.7 million a year earlier, principally reflecting lower average debt levels.

Other income in the second quarter of 1994 was \$2.0 million compared to an expense of \$6.5 million in the year ago period. The change is principally due to the effects of foreign currency translation. Partially offsetting this is a charge under the 1991 "Ill Wind" settlement agreement, which requires the Company to make contingency payments based on proceeds from asset sales and on net income. Other income in the second quarter of 1994 includes a charge of \$4.3 million for such contingency payments compared to zero in the year ago period. The maximum contingent amount payable for 1994 under this settlement agreement is \$30.0 million, of which \$10.3 million has been expensed through June 30, 1994. The maximum contingent amount payable for 1993 was \$20.0 million, all of which was provided for in the first quarter of 1993.

It is the Company's policy to minimize its exposure to foreign currency fluctuations. On a net basis, and after taking into account the cost of the Company's hedging program, foreign currency effects had a minimal effect on pretax results for the three months ended June 30, 1994.

Estimated income taxes were \$20.3 million in the second quarter of 1994 compared to \$48.5 million in the second quarter of 1993.

For the six months ended June 30, 1994, net income was \$109.9 million, or \$.29 per primary and \$.28 per fully diluted common share, on revenue of \$3.5 billion. Net income for the six months ended June 30, 1993 was \$363.6 million, or \$1.83 per primary and \$1.48 per fully diluted common share, on revenue of \$3.8 billion. Net income for the six months ended June 30, 1994 included a cost of \$7.7 million, or \$.04 per fully diluted common share, as a result of an extraordinary charge for repurchases of debt. Net income for the six months ended June 30, 1993 included an extraordinary charge of \$26.4 million, or \$.11 per fully diluted common share, and a credit of \$230.2 million, or \$.94 per fully diluted common share, as a result of the adoption of new accounting standards.

Extraordinary Items and Accounting Changes

During the six months ended June 30, 1994, the Company repurchased and redeemed \$112.5 million of debt. The associated costs resulted in an extraordinary charge of \$7.7 million, net of \$5.1 million of income tax benefits, or \$.04 per fully diluted common share.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (cont'd.)

Effective January 1, 1994, the Company adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") 112, "Employers' Accounting for Postemployment Benefits," and SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities." SFAS 112 establishes financial accounting standards for employers that provide benefits to former or inactive employees after employment but before retirement. SFAS 115 establishes financial accounting standards for investments in equity securities that have readily determinable fair values and for all investments in debt securities. The effect of adoption of these statements on the Company's consolidated financial position and results of operations was immaterial.

In April 1993, the Company settled lawsuits with Honeywell Inc. in connection with its sale of the Sperry Aerospace Group in December 1986. As a result of

the settlement, in the six months ended June 30, 1993, the Company recorded an extraordinary charge of \$26.4 million, net of \$16.8 million of income tax benefits, or \$.11 per fully diluted common share.

Effective January 1, 1993, the Company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS 109, "Accounting for Income Taxes." The adoption of SFAS 106 decreased net income for the six months ended June 30, 1993 by \$194.8 million, net of \$124.5 million of income tax benefits, or \$.79 per fully diluted common share, and the adoption of SFAS 109 increased net income for the six months ended June 30, 1993 by \$425.0 million, or \$1.73 per fully diluted common share.

Financial Condition

During the six months ended June 30, 1994, net cash provided from operations was \$29.7 million compared to \$411.9 million in the same period a year earlier. Cash flow from operations decreased from a year ago as inventories increased and less cash was generated from accounts receivable.

Investments in properties and rental equipment during the first half of 1994 were \$96.8 million compared to \$96.7 million in last years' first half.

At June 30, 1994, total debt was \$1.9 billion, a decline of \$110.2 million from December 31, 1993 principally due to the repurchases and redemptions discussed above. The Company intends to continue repurchases or redemptions from time to time. Cash, cash equivalents and marketable securities at June 30, 1994 were \$528.1 million compared to \$950.5 million at December 31, 1993. During the six months ended June 30, 1994, debt net of cash and marketable securities increased \$312.2 million. As a percent of total capital, debt net of cash and marketable securities at June 30, 1994 was 35% compared to 29% at December 31, 1993.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (cont'd.)

Dividends paid on preferred stock amounted to \$168.0 million during the first half of 1994 compared to \$92.1 million in the year ago period. The current year amount includes full payment for all dividend arrearages.

Stockholders' equity decreased \$42.8 million during the first six months of 1994, principally reflecting net income of \$109.9 million, offset by preferred dividends of \$154.7 million.

At June 30, 1994, the Company had deferred tax assets in excess of deferred tax liabilities of \$1,123 million. For the reasons cited below, management believes that it is more likely than not that \$773 million of such assets will be realized, therefore resulting in a valuation allowance of \$350 million. In assessing the likelihood of realization of this asset, the Company has considered various factors including its forecast of future taxable income and available tax planning strategies that could be implemented to realize deferred tax assets.

The principal basis used to assess the likelihood of realization was the Company's forecast of future taxable income which was adjusted by applying varying probability factors to the achievement of this forecast. Forecasted taxable income is expected to arise from ordinary and recurring operations and to be sufficient to realize the entire amount of net deferred tax assets. Approximately \$2.3 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets.

The Company's net deferred tax assets include substantial amounts of net operating loss and tax credit carryforwards. The major portion of such carryforwards expire beyond the year 2003. In addition, substantial amounts of foreign net operating losses have an indefinite carryforward period. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. In recent years, the computer industry has undergone dramatic changes and there can be no assurance that in the future there could not be increased competition or other factors which may result in a decline in sales or margins, loss of market share, or technological obsolescence. The Company will evaluate quarterly the realizability of its net deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance if necessary.

In 1994, the Company may settle certain open tax years with the Internal Revenue Service, which could result in cash payments by the Company of approximately \$125 million. These payments will not affect earnings since provision for these taxes has been made in prior years.

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PART II - OTHER INFORMATION

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

- (a) The Company's 1994 Annual Meeting of Stockholders (the "Annual Meeting") was held on April 28, 1994 in Philadelphia, Pennsylvania.
- (c) The following matters were voted upon at the Annual Meeting and received the following votes:
1. Election of Directors as follows:

Gail D. Fosler -- 140,485,469 votes for; 1,579,541 votes withheld
Melvin R. Goodes -- 140,494,551 votes for; 1,570,459 votes withheld
Edwin A. Huston -- 140,535,981 votes for; 1,529,029 votes withheld
Robert McClements, Jr. -- 140,515,021 votes for; 1,549,989 votes withheld
 2. A proposal to ratify the selection of the Company's independent auditors for 1994 -- 140,641,810 votes for; 839,867 votes against; 583,333 abstentions

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits
See Exhibit Index.
- (b) Reports on Form 8-K
During the quarter ended June 30, 1994, the Company filed no Current Reports on Form 8-K.

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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 thereunto duly authorized.

UNISYS CORPORATION

Date: August 12, 1994

By: /s/ Deborah C. Hopkins

Deborah C. Hopkins
Vice President and Controller
(chief accounting officer)

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EXHIBIT INDEX

| Exhibit Number - - - - - | Description - - - - - |
|--------------------------------|--|
| 11.1 | Statement of Computation of Earnings Per Share for the six months ended June 30, 1994 and 1993 |

| | |
|------|--|
| 11.2 | Statement of Computation of Earnings Per Share for the three months ended June 30, 1994 and 1993 |
| 12 | Statement of Computation of Ratio of Earnings to Fixed Charges |

UNISYS CORPORATION
 STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
 FOR THE SIX MONTHS ENDED JUNE 30, 1994 and 1993 (UNAUDITED)
 (Millions, except share data)

| | 1994 | 1993 |
|---|-------------|-------------|
| | ---- | ---- |
| Primary Earnings Per Common Share | | |
| Average Number of Outstanding Common Shares | 170,618,828 | 162,229,245 |
| Additional Shares Assuming Exercise of Stock Options | 2,169,494 | 2,723,267 |
| | ----- | ----- |
| Average Number of Outstanding Common Shares and Common Share Equivalents | 172,788,322 | 164,952,512 |
| | ===== | ===== |
| Income Before Extraordinary Items and Changes in Accounting Principles | \$117.6 | \$159.8 |
| Dividends on Series A, B and C Preferred Stock | (60.1) | (61.0) |
| | ----- | ----- |
| Primary Earnings on Common Shares Before Extraordinary Items and Changes in Accounting Principles | 57.5 | 98.8 |
| Extraordinary Items | (7.7) | (26.4) |
| Effect of Changes in Accounting Principles | | 230.2 |
| | ----- | ----- |
| Primary Earnings on Common Shares | \$ 49.8 | \$302.6 |
| | ===== | ===== |
| Primary Earnings Per Common Share Before Extraordinary Items and Changes in Accounting Principles | \$.33 | \$.60 |
| Extraordinary Items | (.04) | (.16) |
| Effect of Changes in Accounting Principles | | 1.39 |
| | ----- | ----- |
| Total | \$.29 | \$1.83 |
| | ===== | ===== |
| Fully Diluted Earnings Per Common Share | | |
| Average Number of Outstanding Common Shares and Common Share Equivalents | 172,788,322 | 164,952,512 |
| Additional Shares: Assuming Conversion of: | | |
| Series A Preferred Stock | | 47,712,453 |
| 8 1/4% Convertible Notes | 33,698,698 | 33,699,634 |
| Attributable to Stock Options | 174,229 | 167,598 |
| | ----- | ----- |
| Common Shares Outstanding Assuming Full Dilution | 206,661,249 | 246,532,197 |
| | ===== | ===== |
| Primary Earnings on Common Shares Before Extraordinary Items and Changes in Accounting Principles | \$ 57.5 | \$ 98.8 |
| Exclude Dividends on Series A Preferred Stock | | 53.5 |
| Interest Expense on 8 1/4% Convertible Notes, Net of Applicable Tax | 8.9 | 9.0 |
| | ----- | ----- |
| Fully Diluted Earnings on Common Shares Before Extraordinary Items and Changes in Accounting Principles | 66.4 | 161.3 |
| Extraordinary Items | (7.7) | (26.4) |
| Effect of Changes in Accounting Principles | | 230.2 |
| | ----- | ----- |
| Fully Diluted Earnings on Common Shares | \$ 58.7 | \$365.1 |
| | ===== | ===== |
| Fully Diluted Earnings Per Common Share Before Extraordinary Items and Changes in Accounting Principles | \$.32 | \$.65 |

| | | |
|--|--------|--------|
| Extraordinary Items | (.04) | (.11) |
| Effect of Changes in Accounting Principles | ----- | ----- |
| | | .94 |
| Total | \$.28 | \$1.48 |
| | ===== | ===== |

EXHIBIT 11.2

UNISYS CORPORATION
 STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
 FOR THE THREE MONTHS ENDED JUNE 30, 1994 and 1993 (UNAUDITED)
 (Millions, except share data)

| | 1994 | 1993 |
|---|-------------|-------------|
| | ---- | ---- |
| Primary Earnings Per Common Share | | |
| Average Number of Outstanding Common Shares | 170,746,889 | 162,468,876 |
| Additional Shares Assuming Exercise of Stock Options | 1,498,461 | 2,411,870 |
| | ----- | ----- |
| Average Number of Outstanding Common Shares and Common Share Equivalents | 172,245,350 | 164,880,746 |
| | ===== | ===== |
| Net Income | \$ 49.9 | \$103.0 |
| Dividends on Series A, B and C Preferred Stock | (30.0) | (30.6) |
| | ----- | ----- |
| Primary Earnings on Common Shares | \$ 19.9 | \$ 72.4 |
| | ===== | ===== |
| Primary Earnings Per Common Share | \$.12 | \$.44 |
| | ===== | ===== |
| Fully Diluted Earnings Per Common Share | | |
| Average Number of Outstanding Common Shares and Common Share Equivalents | 172,245,350 | 164,880,746 |
| Additional Shares: | | |
| Assuming Conversion of 8 1/4% Convertible Notes | 33,697,762 | 33,699,634 |
| Attributable to Stock Options | | 40,403 |
| | ----- | ----- |
| Common Shares Outstanding Assuming Full Dilution | 205,943,112 | 198,620,783 |
| | ===== | ===== |
| Primary Earnings on Common Shares | \$ 19.9 | \$ 72.4 |
| Interest Expense on 8 1/4% Convertible Notes, Net of Applicable Tax | 4.5 | 4.5 |
| | ----- | ----- |
| Fully Diluted Earnings on Common Shares | \$ 24.4 | \$ 76.9 |
| | ===== | ===== |
| Fully Diluted Earnings Per Common Share | \$.12 | \$.39 |
| | ===== | ===== |

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

| | Six Months Ended June 30 | Years Ended December 31 | | | | |
|--|-----------------------------------|-------------------------|---------|--------------|------------|------------|
| | | 1994 | 1993 | 1992 | 1991 | 1990 |
| Income (loss) before income taxes | \$165.5 | \$503.4 | \$435.6 | \$ (1,288.3) | \$ (337.3) | \$ (554.3) |
| Add (deduct) share of loss (income) of associated companies | (9.3) | 14.5 | 3.2 | (6.5) | (51.8) | (50.0) |
| Subtotal | 156.2 | 517.9 | 438.8 | (1,294.8) | (389.1) | (604.3) |
| Interest expense (net of interest capitalized) | 102.9 | 241.7 | 340.6 | 407.6 | 446.7 | 425.7 |
| Amortization of debt issuance expenses | 3.1 | 6.6 | 4.8 | 1.8 | 1.5 | 1.6 |
| Portion of rental expense representative of interest | 38.0 | 76.0 | 84.3 | 86.4 | 82.5 | 78.8 |
| Total Fixed Charges | 144.0 | 324.3 | 429.7 | 495.8 | 530.7 | 506.1 |
| Earnings (loss) before estimated income taxes and fixed charges | \$300.2 | \$842.2 | \$868.5 | \$ (799.0) | \$ 141.6 | \$ (98.2) |
| Ratio of earnings to fixed charges | 2.08 | 2.60 | 2.02 | (a) | (a) | (a) |

<FN>

(a) Earnings in 1991, 1990 and 1989 were inadequate to cover fixed charges by \$1,294.8 million, \$389.1 million and \$604.3 million, respectively.