

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 25, 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 January 25, 2005, Unisys Corporation issued a news release to report its financial results for the quarter and year ended December 31, 2004. 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: January 25, 2005

By: /s/ Janet B. Haugen

Janet B. Haugen
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit
No.

99 News Release, dated January 25, 2005, of Unisys Corporation.

UNISYS

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UNISYS ANNOUNCES FOURTH-QUARTER AND FULL-YEAR 2004 FINANCIAL RESULTS

BLUE BELL, Pa., January 25, 2005 - Unisys Corporation (NYSE: UIS) today reported, as expected, a fourth-quarter 2004 net loss of \$34.9 million, or 10 cents per share, compared with fourth-quarter 2003 net income of \$111.5 million, or 33 cents per diluted share. The fourth-quarter 2004 net loss, as previously disclosed, included the following significant items:

* a pre-tax, non-cash impairment charge of \$126 million, or 26 cents per share, to write off contract-related capitalized assets associated with a previously disclosed challenging outsourcing operation;

* a benefit of \$29 million, or 9 cents per share, principally due to the favorable settlement of income tax audit issues in the quarter;

* pre-tax pension expense of \$23 million, or 5 cents per share, compared with pension expense of \$0.2 million, or 0 cents per share, in the prior-year quarter.

Revenue for the fourth quarter of 2004 declined 7% to \$1.52 billion from \$1.64 billion in the year-ago quarter. Currency had a 4 percentage-point positive impact on the company's revenue in the fourth quarter, reflecting a weak U.S. dollar against most major currencies worldwide.

For the full year of 2004, Unisys reported net income of \$38.6 million, or 11 cents per diluted share. This compares with full-year 2003 net income of \$258.7 million, or 78 cents per diluted share. The full-year 2004 results included the following significant items:

* pre-tax pension expense of \$93.6 million, or 19 cents per share, compared with pre-tax pension income of \$22.6 million, or 5 cents per share, in 2003;

* a pre-tax non-cash impairment charge of \$126 million, or 26 cents per share, recorded in the fourth quarter of 2004, as mentioned above;

* a pre-tax cost reduction charge of \$82.0 million, or 18 cents per share, recorded in the third quarter of 2004; and

* net tax benefits of \$97.0 million, or 29 cents per share, related to the settlement of income tax audit issues during the year, of which \$68.2 million, or 20 cents per share, was recorded in the third quarter of 2004 and \$28.8 million, or 9 cents per share, was recorded in the fourth quarter of 2004.

COMMENTS FROM PRESIDENT AND CEO JOSEPH F. MCGRATH

"This was a challenging quarter to close out 2004," said Joseph F. McGrath, Unisys President and Chief Executive Officer. "We saw weaker-than-expected demand toward the end of the quarter in our technology business. Our results were also impacted by the charge we took to write off assets associated with a challenging outsourcing operation. Overall, 2004 was clearly a disappointing year, and we are committed to doing better in 2005."

McGrath said the company is focused on five key areas to drive growth and shareholder value in 2005:

* Return the business process outsourcing operation to profitable growth. The company is taking aggressive actions to deal with a few challenging transformational outsourcing engagements as well as win promising new opportunities.

* Drive growth and market differentiation through the Unisys 3D Visible Enterprise methodology and solution. The company is marketing 3D-VE globally and is seeing good market acceptance by customers of this approach for helping clients see the effects of business changes before they make strategic decisions.

* Seize growth opportunities in the growing security market. The company is aggressively pursuing opportunities in the areas of secure supply chain, enterprise and network security, and U.S. Federal Homeland Security initiatives.

* Drive greater volume in its enterprise server program. The company is implementing programs to increase sales volume in its ClearPath and ES7000 server families. These programs include targeted marketing to focused accounts, a greater focus on solution sales, and the introduction of leading-edge new models and functionality.

* Reduce costs and enhance operational efficiency. The company continues to implement the administrative cost reduction actions announced in the third quarter of 2004. Unisys is also actively expanding its use of lower-cost resources, both offshore and in the United States.

"Unisys has strong solutions, technology, and highly skilled people," McGrath said. "By focusing on these priorities, I am confident that we can regain our momentum in the marketplace and achieve a leadership position in the IT industry."

FOURTH-QUARTER COMPANY HIGHLIGHTS

Overall orders were flat in the fourth quarter. Services orders were up slightly, while technology orders showed low double-digit declines.

On a geographic basis, U.S. revenue declined 10% to \$665 million. Revenue in international markets declined 4% in the quarter to \$859 million.

The company's gross profit margin and operating profit margin in the quarter were 17.2% and (5.2%), respectively, compared to 31.2% and 9.7% in the fourth quarter of 2003. The year-over-year margin declines were principally due to the asset impairment charge and the impact of pension accounting.

Selling, general and administrative (SG&A) expense and research and development (R&D) expense were 17.4% and 5.0% of revenue, respectively, in the fourth quarter of 2004 compared with 16.5% and 5.0% of revenue in the year-ago quarter. The principal reason for the increase in SG&A was the impact of pension accounting and foreign currency exchange.

Operating income was a loss of \$78.5 million in the fourth quarter of 2004 compared with \$159.2 million of income in the year-ago quarter. The principal reasons for the decline were the asset impairment charge and the impact of pension accounting.

FOURTH-QUARTER BUSINESS SEGMENT HIGHLIGHTS

Customer revenue in the company's services segment declined 3% in the fourth quarter of 2004 compared with the year-ago period. All services segments showed single-digit revenue declines in the quarter. Gross profit margin in the services business declined to 6.2% from 22.1% a year ago, while the services operating margin declined to (9.4)% compared with 7.2% a year ago. The asset impairment charge discussed above impacted both gross margins and operating margins by 10 percentage points. Additionally, the change in pension expense impacted the year-over-year comparison of gross margin by 1.3 percentage points and operating margin by 1.6 percentage points.

Customer revenue in the company's technology segment declined 21% in the fourth quarter. Enterprise server sales showed low double-digit declines while sales of specialized equipment showed substantial declines. Within enterprise servers, sales of both ClearPath and ES7000 systems showed double-digit declines. Technology gross margin increased to 54.2% from 51.6% a year ago, and technology operating margin declined to 12.0% from 14.6% a year ago. Excluding the impact of pension accounting in both periods, the technology gross margin increased to 54.3% in the fourth quarter of 2004 from 51.4% in the year-ago quarter. The technology operating margin excluding pension accounting declined to 12.8% compared with 13.6% in the year-ago period.

CASH FLOW HIGHLIGHTS

Unisys generated \$227 million of cash from operations in the fourth quarter compared with operational cash flow of \$378 million in the year-ago quarter. The change in operational cash flow year-over-year was primarily driven by the decline in operating income. Capital expenditures in the fourth quarter of 2004 were \$123.2 million, including \$83.2 million invested in revenue-generating projects. After considering capital expenditures, the company generated free cash flow of \$103.7 million in the quarter compared with \$259 million in the year-ago quarter. Unisys ended the year with \$660.5 million of cash on hand.

On January 18, 2005, Unisys repaid at maturity all outstanding \$150 million of

its 7 1/4% senior notes. The repayment was made from cash on hand.

BUSINESS OUTLOOK

"We expect some of the challenges we faced in the fourth quarter to continue into the first quarter of 2005," McGrath said. "In particular, we look for continued impact from the challenging outsourcing contracts as well as continued weak sales of large enterprise servers. Based on this, we expect approximate breakeven to a slight loss in earnings per share, excluding the impact of pension accounting, for the first quarter of 2005 on a low single-digit revenue decline. Accordingly, we are revising our financial outlook for the full year of 2005. We now expect full-year earnings per share, excluding the impact of pension accounting and stock option expensing, of 50 - 60 cents on low to mid-single digit revenue growth."

CONFERENCE CALL

Unisys will hold a conference call today at 8:15 a.m. Eastern Time to discuss its results. The listen-only Webcast, as well as the accompanying presentation materials, can be accessed via a link on the Unisys Investor Web site at www.unisys.com/investor. 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 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 regarding the company's financial outlook are based in part on the company's assumptions for the economy. 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 and to fully recover the associated outsourcing assets; the company's ability to drive profitable growth in consulting and systems integration; the degree of market acceptance of the company's high-end enterprise servers; the company's ability to maintain tight cost controls; 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
CONSOLIDATED STATEMENTS OF INCOME
(Millions, except per share data)

	Three Months		Year	
	Ended December 31		Ended December 31	
	2004	2003	2004	2003
Revenue				
Services	\$1,253.8	\$1,297.2	\$4,724.7	\$4,691.9
Technology	270.2	340.4	1,096.0	1,219.3
	-----	-----	-----	-----
	1,524.0	1,637.6	5,820.7	5,911.2
Costs and expenses				
Cost of revenue:				
Services	1,119.2	979.3	3,940.8	3,654.7
Technology	142.0	147.6	517.5	541.5
	-----	-----	-----	-----
	1,261.2	1,126.9	4,458.3	4,196.2
Selling, general and administrative	265.1	270.1	1,102.9	1,007.2
Research and development	76.2	81.4	294.3	280.1
	-----	-----	-----	-----
	1,602.5	1,478.4	5,855.5	5,483.5
Operating income (loss)	(78.5)	159.2	(34.8)	427.7
Interest expense	17.6	18.3	69.0	69.6
Other income (expense), net	6.2	19.9	27.8	22.4
	-----	-----	-----	-----
Income (loss) before income taxes	(89.9)	160.8	(76.0)	380.5
Provision (benefit) for income taxes	(55.0)	49.3	(114.6)	121.8
	-----	-----	-----	-----
Net income (loss)	(\$34.9)	\$111.5	\$38.6	\$258.7
	=====	=====	=====	=====
Earnings (loss) per share				
Basic	(\$.10)	\$.34	\$.12	\$.79
	=====	=====	=====	=====
Diluted	(\$.10)	\$.33	\$.11	\$.78
	=====	=====	=====	=====
Shares used in the per share computations (thousands):				
Basic	336,873	331,371	334,896	329,349
	=====	=====	=====	=====
Diluted	336,873	337,842	338,217	332,948
	=====	=====	=====	=====

UNISYS CORPORATION
SEGMENT RESULTS
(Millions)

	Total	Elimi- nations	Services*	Technology*
	-----	-----	-----	-----
Three Months Ended December 31, 2004 -----				
Customer revenue Intersegment	\$1,524.0	(\$85.2)	\$1,253.8 3.6	\$270.2 81.6
	-----	-----	-----	-----
Total revenue	\$1,524.0	(\$85.2)	\$1,257.4	\$351.8
	=====	=====	=====	=====
Gross profit percent	17.2%		6.2%	54.2%
	=====		=====	=====
Operating profit (loss) percent	(5.2%)		(9.4%)	12.0%
	=====		=====	=====
Three Months Ended December 31, 2003 -----				
Customer revenue Intersegment	\$1,637.6	(\$94.2)	\$1,297.2 6.7	\$340.4 87.5
	-----	-----	-----	-----
Total revenue	\$1,637.6	(\$94.2)	\$1,303.9	\$427.9
	=====	=====	=====	=====
Gross profit percent	31.2%		22.1%	51.6%
	=====		=====	=====
Operating profit percent	9.7%		7.2%	14.6%
	=====		=====	=====
Year Ended December 31, 2004 -----				
Customer revenue Intersegment	\$5,820.7	(\$251.8)	\$4,724.7 18.1	\$1,096.0 233.7
	-----	-----	-----	-----
Total revenue	\$5,820.7	(\$251.8)	\$4,742.8	\$1,329.7
	=====	=====	=====	=====
Gross profit percent	23.4%		14.8%	51.7%
	=====		=====	=====
Operating profit (loss) percent	(0.6%)		(1.7%)	10.2%
	=====		=====	=====
Year Ended December 31, 2003 -----				
Customer revenue Intersegment	\$5,911.2	(\$319.8)	\$4,691.9 25.9	\$1,219.3 293.9
	-----	-----	-----	-----
Total revenue	\$5,911.2	(\$319.8)	\$4,717.8	\$1,513.2
	=====	=====	=====	=====
Gross profit percent	29.0%		20.2%	50.4%
	=====		=====	=====
Operating profit percent	7.2%		5.0%	12.7%
	=====		=====	=====

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

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions)

	December 31, 2004	December 31, 2003
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$660.5	\$635.9
Accounts and notes receivable, net	1,136.8	1,027.8
Inventories		
Parts and finished equipment	93.7	121.7
Work in process and materials	122.4	116.9
Deferred income taxes	291.8	270.0
Prepaid expense and other current assets	112.4	85.7
	-----	-----
Total	2,417.6	2,258.0
	-----	-----
Properties	1,305.5	1,352.7
Less accumulated depreciation and amortization	881.4	928.5
	-----	-----
Properties, net	424.1	424.2
	-----	-----
Outsourcing assets, net	431.9	477.5
Marketable software, net	336.8	332.2
Investments at equity	197.1	153.3
Prepaid pension cost	52.5	55.5
Deferred income taxes	1,394.6	1,384.6
Goodwill	189.9	177.5
Other long-term assets	176.4	206.8
	-----	-----
Total	\$5,620.9	\$5,469.6
	=====	=====
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$1.0	\$17.7
Current maturities of long-term debt	151.7	2.2
Accounts payable	487.4	513.8
Other accrued liabilities	1,316.1	1,305.7
Income taxes payable	66.6	214.1
	-----	-----
Total	2,022.8	2,053.5
	-----	-----
Long-term debt	898.4	1,048.3
Accrued pension liabilities	537.9	433.6
Other long-term liabilities	655.3	539.0
Stockholders' equity		
Common stock	3.4	3.3
Accumulated deficit	(376.2)	(414.8)
Other capital	3,883.8	3,818.6
Accumulated other comprehensive loss	(2,004.5)	(2,011.9)
	-----	-----
Stockholders' equity	1,506.5	1,395.2
	-----	-----
Total	\$5,620.9	\$5,469.6
	=====	=====

UNISYS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Year Ended December 31	
	2004	2003
Cash flows from operating activities		
Net income	\$38.6	\$258.7
Add (deduct) items to reconcile net income to net cash provided by operating activities:		
Equity (income)	(16.1)	(18.2)
Depreciation of properties	136.5	144.4
Depreciation and amortization of outsourcing assets	123.3	82.3
Amortization of marketable software	134.2	123.6
Impairment charge	125.6	
(Increase) decrease in deferred income taxes, net	(41.2)	57.2
Increase in receivables, net	(61.8)	(67.7)
Decrease in inventories	23.0	54.1
(Decrease) increase in accounts payable and other accrued liabilities	(1.6)	25.6
Decrease in income taxes payable	(120.5)	(4.8)
Increase (decrease) in other liabilities	111.3	(70.9)
Increase in other assets	(16.2)	(6.0)
Other	34.7	(7.5)
Net cash provided by operating activities	469.8	570.8
Cash flows from investing activities		
Proceeds from investments	6,026.5	5,054.0
Purchases of investments	(6,054.3)	(5,122.1)
Investment in marketable software	(119.6)	(144.1)
Capital additions of properties	(137.0)	(116.7)
Capital additions of outsourcing assets	(177.5)	(176.2)
Purchases of businesses	(19.4)	(5.3)
Proceeds from sales of businesses	1.7	
Net cash used for investing activities	(479.6)	(510.4)
Cash flows from financing activities		
Net reduction in short-term borrowings	(20.0)	(64.5)
Proceeds from employee stock plans	38.8	31.5
Payments of long-term debt	(3.5)	(4.8)
Proceeds from issuance of long-term debt		293.3
Net cash provided by financing activities	15.3	255.5
Effect of exchange rate changes on cash and cash equivalents	19.1	18.2
Increase in cash and cash equivalents	24.6	334.1
Cash and cash equivalents, beginning of period	635.9	301.8
Cash and cash equivalents, end of period	\$660.5	\$635.9
	=====	=====

Reconciliation of GAAP to Non-GAAP
Financial Information

The preceding release presents information with and without pension expense or income. Unisys believes that this information will enhance an overall understanding of its financial performance due to the significant change in pension expense or income from period to period and the non-operational nature of pension expense or income. 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 December 31, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,524.0		\$1,524.0
Costs and expenses			
Cost of revenue	1,261.2	(\$16.8)	1,244.4
Selling, general and administrative	265.1	(4.2)	260.9
Research and development	76.2	(2.1)	74.1
	1,602.5	(23.1)	1,579.4
Operating income (loss)	(78.5)	23.1	(55.4)
Interest expense	17.6		17.6
Other income (expense), net	6.2		6.2
Income (loss) before income taxes	(89.9)	23.1	(66.8)
Provision (benefit) for income taxes	(55.0)	7.4	(47.6)
Net income (loss)	(\$34.9)	\$15.7	(\$19.2)
Earnings (loss) per share	(\$.10)	\$.05	(\$.05)

	Three Months Ended December 31, 2003		
	US GAAP as Reported	Less Pension Income	Without Pension Income
Revenue	\$1,637.6		\$1,637.6
Costs and expenses			
Cost of revenue	1,126.9	(\$5.7)	1,121.2
Selling, general and administrative	270.1	2.1	272.2
Research and development	81.4	3.4	84.8
	1,478.4	(0.2)	1,478.2
Operating income	159.2	0.2	159.4
Interest expense	18.3		18.3
Other income (expense), net	19.9		19.9
Income before income taxes	160.8	0.2	161.0
Provision for income taxes	49.3	0.3	49.6
Net income	\$111.5	(\$0.1)	\$111.4
Earnings per share	\$.33	\$.00	\$.33

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

	Year Ended December 31, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$5,820.7		\$5,820.7
Costs and expenses			
Cost of revenue	4,458.3	(\$67.2)	4,391.1
Selling, general and administrative	1,102.9	(18.3)	1,084.6
Research and development	294.3	(8.1)	286.2
	-----	-----	-----
	5,855.5	(93.6)	5,761.9
	-----	-----	-----
Operating income	(34.8)	93.6	58.8
Interest expense	69.0		69.0
Other income (expense), net	27.8		27.8
	-----	-----	-----
Income (loss) before income taxes	(76.0)	93.6	17.6
Provision (benefit) for income taxes	(114.6)	30.0	(84.6)
	-----	-----	-----
Net income	\$38.6	\$63.6	\$102.2
	=====	=====	=====
Earnings per share	\$.11	\$.19	\$.30
	=====	=====	=====

	Year Ended December 31, 2003		
	US GAAP as Reported	Less Pension Income	Without Pension Income
Revenue	\$5,911.2		\$5,911.2
Costs and expenses			
Cost of revenue	4,196.2	(\$1.3)	4,194.9
Selling, general and administrative	1,007.2	9.7	1,016.9
Research and development	280.1	14.2	294.3
	-----	-----	-----
	5,483.5	22.6	5,506.1
	-----	-----	-----
Operating income	427.7	(22.6)	405.1
Interest expense	69.6		69.6
Other income (expense), net	22.4		22.4
	-----	-----	-----
Income before income taxes	380.5	(22.6)	357.9
Provision for income taxes	121.8	(7.2)	114.6
	-----	-----	-----
Net income	\$258.7	(\$15.4)	\$243.3
	=====	=====	=====
Earnings per share	\$.78	(\$.05)	\$.73
	=====	=====	=====

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

	Three Months Ended December 31, 2004		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment			
Total revenue	\$1,257.4		\$1,257.4
Gross profit	78.2	(\$16.4)	94.6
% of revenue	6.2%		7.5%
Operating income (loss)	(118.0)	(20.1)	(97.9)
% of revenue	-9.4%		-7.8%
Technology Segment			
Total revenue	351.8		351.8
Gross profit	190.6	(0.4)	191.0
% of revenue	54.2%		54.3%
Operating income	42.0	(3.0)	45.0
% of revenue	12.0%		12.8%
Total Company			
Total revenue	1,524.0		1,524.0
Gross profit	262.8	(16.8)	279.6
% of revenue	17.2%		18.3%
Operating income (loss)	(78.5)	(23.1)	(55.4)
% of revenue	-5.2%		-3.6%

	Three Months Ended December 31, 2003		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment			
Total revenue	\$1,303.9		\$1,303.9
Gross profit	288.4	(\$6.4)	294.8
% of revenue	22.1%		22.6%
Operating income	93.9	(4.4)	98.3
% of revenue	7.2%		7.5%
Technology Segment			
Total revenue	427.9		427.9
Gross profit	220.8	0.7	220.1
% of revenue	51.6%		51.4%
Operating income	62.3	4.2	58.1
% of revenue	14.6%		13.6%
Total Company			
Total revenue	1,637.6		1,637.6
Gross profit	510.7	(5.7)	516.4
% of revenue	31.2%		31.5%
Operating income	159.2	(0.2)	159.4
% of revenue	9.7%		9.7%

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

	Year Ended December 31, 2004		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment *			
Total revenue	\$4,742.8		\$4,742.8
Gross profit	702.2	(\$65.7)	767.9
% of revenue	14.8%		16.2%
Operating income (loss)	(82.8)	(81.1)	(1.7)
% of revenue	-1.7%		0.0%
Technology Segment *			
Total revenue	1,329.7		1,329.7
Gross profit	686.8	(1.5)	688.3
% of revenue	51.7%		51.8%
Operating income	136.0	(12.5)	148.5
% of revenue	10.2%		11.2%
Total Company			
Total revenue	5,820.7		5,820.7
Gross profit	1,362.4	(67.2)	1,429.6
% of revenue	23.4%		24.6%
Operating income (loss)	(34.8)	(93.6)	58.8
% of revenue	-0.6%		1.0%

	Year Ended December 31, 2003		
	As Reported	Less Pension Income	Without Pension Income
Services Segment			
Total revenue	\$4,717.8		\$4,717.8
Gross profit	955.3	(\$4.7)	960.0
% of revenue	20.2%		20.3%
Operating income	236.2	4.6	231.6
% of revenue	5.0%		4.9%
Technology Segment			
Total revenue	1,513.2		1,513.2
Gross profit	763.4	3.4	760.0
% of revenue	50.4%		50.2%
Operating income	192.1	18.0	174.1
% of revenue	12.7%		11.5%
Total Company			
Total revenue	5,911.2		5,911.2
Gross profit	1,715.0	(1.3)	1,716.3
% of revenue	29.0%		29.0%
Operating income	427.7	22.6	405.1
% of revenue	7.2%		6.9%

* 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 3/31/2005	Year Ending 12/31/2005
	-----	-----
Earnings (loss) per share- on a GAAP basis	(.12)-(.09)	.13-.23
Add back estimated pension expense, net of tax	.09	.37
	-----	-----
Earnings (loss) per share- on a NON-GAAP basis (excluding pension expense)	(.03)-0	.50-.60
	=====	=====

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