

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 September 30, 1996.

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
of incorporation or organization)

(I.R.S. Employer
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 NO

Number of shares of Common Stock outstanding as of September 30, 1996: 174,822,610.

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Part I - FINANCIAL INFORMATION
Item 1. Financial Statements

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEET
(Millions)

Sept. 30,
1996 Dec. 31,
(unaudited) 1995

Assets

Current assets

Cash and cash equivalents	\$ 837.6	\$1,114.3
Marketable securities	5.6	5.4
Accounts and notes receivable, net	848.4	996.3
Inventories		
Finished equipment and supplies	355.5	358.6

Work in process and raw materials	336.0	315.3
Deferred income taxes	345.4	329.8
Other current assets	82.9	98.9
	-----	-----
Total	2,811.4	3,218.6
	-----	-----
Long-term receivables, net	58.5	58.7
	-----	-----
Properties and rental equipment	2,012.3	2,088.4
Less accumulated depreciation	1,376.6	1,397.0
	-----	-----
Properties and rental equipment, net	635.7	691.4
	-----	-----
Cost in excess of net assets acquired	1,001.6	1,014.6
Investments at equity	277.0	298.9
Deferred income taxes	682.6	682.6
Other assets	1,231.9	1,148.4
	-----	-----
Total	\$6,698.7	\$7,113.2
	=====	=====
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$ 17.4	\$ 12.1
Current maturities of long-term debt	431.0	343.5
Accounts payable	798.0	940.6
Other accrued liabilities	1,282.0	1,677.4
Dividends payable	26.6	30.2
Estimated income taxes	86.0	143.5
	-----	-----
Total	2,641.0	3,147.3
	-----	-----
Long-term debt	1,822.2	1,533.3
Other liabilities	494.3	572.4
Stockholders' equity		
Preferred stock	1,570.2	1,570.3
Common stock		
issued: 1996, 175.7; 1995, 172.3	1.8	1.7
Accumulated deficit	(783.5)	(702.6)
Other capital	952.7	990.8
	-----	-----
Stockholders' equity	1,741.2	1,860.2
	-----	-----
Total	\$6,698.7	\$7,113.2
	=====	=====

See notes to consolidated financial statements.

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

	Three Months		Nine Months	
	Ended Sept. 30		Ended Sept. 30	
	1996	1995	1996	1995
	-----	-----	-----	-----
Revenue	\$1,630.9	\$1,491.7	\$4,559.0	\$4,476.4
	-----	-----	-----	-----
Costs and expenses				
Cost of revenue	1,100.9	1,024.3	3,098.2	2,920.6
Selling, general and administrative	353.1	380.9	1,021.7	1,085.7
Research and development	81.2	84.7	258.6	266.4
	-----	-----	-----	-----
	1,535.2	1,489.9	4,378.5	4,272.7
	-----	-----	-----	-----
Operating income	95.7	1.8	180.5	203.7
Interest expense	66.7	49.5	185.5	151.1
Other income (expense), net	(7.5)	(1.1)	14.2	7.6
	-----	-----	-----	-----
Income (loss) from				

continuing operations before income taxes	21.5	(48.8)	9.2	60.2
Estimated income taxes (benefit)	7.3	(16.6)	3.1	20.5
	-----	-----	-----	-----
Income (loss) from continuing operations	14.2	(32.2)	6.1	39.7
Income from discontinued operations				12.5
	-----	-----	-----	-----
Net income (loss)	14.2	(32.2)	6.1	52.2
Dividends on preferred shares	30.2	30.2	90.6	90.1
	-----	-----	-----	-----
Earnings (loss) on common shares	\$ (16.0)	\$ (62.4)	\$ (84.5)	\$ (37.9)
	=====	=====	=====	=====
Earnings (loss) per common share				
Primary				
Continuing operations	\$ (.09)	\$ (.36)	\$ (.49)	\$ (.29)
Discontinued operations				.07
	-----	-----	-----	-----
Total	\$ (.09)	\$ (.36)	\$ (.49)	\$ (.22)
	=====	=====	=====	=====
Fully diluted				
Continuing operations	\$ (.09)	\$ (.36)	\$ (.49)	\$ (.29)
Discontinued operations				.07
	-----	-----	-----	-----
Total	\$ (.09)	\$ (.36)	\$ (.49)	\$ (.22)
	=====	=====	=====	=====

See notes to consolidated financial statements.

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

	Nine Months Ended Sept. 30	
	----- 1996	----- 1995
	-----	-----
Cash flows from operating activities		
Income from continuing operations	\$ 6.1	\$ 39.7
Add (deduct) items to reconcile income from continuing operations to net cash used for operating activities:		
Depreciation	130.4	156.0
Amortization:		
Marketable software	79.1	94.9
Cost in excess of net assets acquired	33.8	30.5
(Increase) in deferred income taxes	(15.6)	(7.4)
Decrease in receivables, net	120.3	20.0
(Increase) in inventories	(17.1)	(67.4)
(Decrease) in accounts payable and other accrued liabilities	(504.7)	(352.2)
(Decrease) in estimated income taxes	(57.5)	(83.3)
(Decrease) in other liabilities	(70.6)	(4.4)
(Increase) in other assets	(41.5)	(96.6)
Other	(15.4)	18.8
	-----	-----
Net cash used for operating activities	(352.7)	(251.4)
	-----	-----
Cash flows from investing activities		
Proceeds from investments	1,414.0	2,628.0
Purchases of investments	(1,418.6)	(2,642.6)
Proceeds from marketable securities		14.4
Proceeds from sales of properties	23.7	28.1
Investment in marketable software	(83.8)	(92.2)
Capital additions of properties and rental equipment	(98.6)	(142.4)

Purchases of businesses	(13.0)	(39.2)
	-----	-----
Net cash used for investing activities	(176.3)	(245.9)
	-----	-----
Cash flows from financing activities		
Proceeds from issuance of debt	700.9	--
Principal payments of debt	(339.6)	(67.9)
Net proceeds from short-term borrowings	1.6	9.3
Dividends paid on preferred shares	(90.6)	(90.0)
Other	.4	2.8
	-----	-----
Net cash provided by (used for) financing activities	272.7	(145.8)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	(8.6)	7.2
	-----	-----
Net cash used for continuing operations	(264.9)	(635.9)
	-----	-----
Discontinued operations		
Proceeds from sale		862.0
Other	(11.8)	(281.5)
	-----	-----
Net cash (used for) provided by discontinued operations	(11.8)	580.5
	-----	-----
Decrease in cash and cash equivalents	(276.7)	(55.4)
Cash and cash equivalents, beginning of period	1,114.3	868.4
	-----	-----
Cash and cash equivalents, end of period	\$ 837.6	\$ 813.0
	=====	=====

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. In May of 1995, the Company sold its defense business for cash of \$862 million. The net results of the defense operations for the three months ended March 31, 1995 have been reported separately in the Consolidated Statement of Income as "income from discontinued operations."

The following is a summary of the results of operations of the Company's defense business for the three months ended March 31, 1995 (in millions of dollars):

Revenue	\$258.1
	=====
Income from operations, net of taxes of \$6.5 million	\$ 12.5
	=====

- b. For the three and nine months ended September 30, 1996 and 1995, the computation of primary earnings per share is based on the weighted average number of outstanding common shares. None of the periods presented includes common stock equivalents or assumes conversion of the 8 1/4% Convertible Subordinated Notes due 2000 and 2006, or the Series A Preferred Stock since such conversions would have been antidilutive. The shares used in the computations are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Primary	172,970	171,387	172,370	171,185
Fully diluted	172,970	171,387	172,370	171,185

c. Certain prior year amounts have been reclassified to conform with the 1996 presentation.

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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 September 30, 1996, the Company reported net income of \$14.2 million, compared to a net loss of \$32.2 million for the three months ended September 30, 1995. On a per-share basis, the third-quarter net loss was \$.09 per primary and fully diluted common share after preferred dividends, compared to a loss of \$.36 per primary and fully diluted common share a year ago.

Revenue and cost of revenue by business group is presented below (in millions of dollars):

	Total	Elimi- nations	Infor- mation Services Group	Global Customer Services	Computer Systems Group
Three Months Ended September 30, 1996	-----	-----	-----	-----	-----
Customer revenue	\$1,630.9		\$483.8	\$505.0	\$642.1
Intercompany		\$(101.5)	1.3	17.1	83.1
Total revenue	\$1,630.9	\$(101.5)	\$485.1	\$522.1	\$725.2
	=====	=====	=====	=====	=====
Cost of revenue	\$1,100.9	\$(90.0)	\$392.6	\$368.3	\$430.0
	=====	=====	=====	=====	=====
Three Months Ended September 30, 1995	-----	-----	-----	-----	-----
Customer revenue	\$1,491.7		\$453.3	\$476.8	\$561.6
Intercompany		\$(139.7)		27.4	112.3
Total revenue	\$1,491.7	\$(139.7)	\$453.3	\$504.2	\$673.9
	=====	=====	=====	=====	=====
Cost of revenue	\$1,024.3	\$(139.7)	\$386.1	\$350.9	\$427.0
	=====	=====	=====	=====	=====

Total customer revenue for the quarter ended September 30, 1996 was \$1.63 billion, up 9% from \$1.49 billion for the quarter ended September 30, 1995. Revenue was up in each of the three business groups.

Customer revenue from Information Services increased 7% in the quarter. The revenue growth rate was lower than in recent quarters due in part to management-imposed constraints in selected market areas in an effort to improve profitability. In Global Customer Services, customer revenue increased 6% from year-ago levels led by growth in Network Enable Services and Desktop Services revenue. Customer revenue in Computer Systems increased 14% due in large part to a major contract for more than 50,000 electronic voting machines.

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

Total gross profit margin was 32% in the third quarter of 1996 compared to 31% in the year-ago period. The increase in gross profit margin in the quarter was principally due to product mix and cost reduction actions.

The Company has experienced delays in the availability of certain large-scale enterprise servers designed to replace the high end of the 2200 product family, as the testing of the complex new chip architecture progresses. The Company is currently on plan to meet its revised shipment schedule for these products. As previously anticipated, the delay will preclude the Company from reaching the level of shipments and profitability initially expected for the full year.

In the third quarter of 1996, selling, general and administrative expenses were \$353.1 million compared to \$380.9 million in the third quarter of 1995, and research and development expenses were \$81.2 million compared to \$84.7 million a year earlier. The declines were largely due to the Company's cost reduction actions.

As a result of the above, operating income was \$95.7 million in the current period compared to \$1.8 million last year.

Interest expense in the third quarter of 1996 was \$66.7 million compared to \$49.5 million in the year ago period. The increase was due to the issuance of \$724.0 million of debt in March of 1996 discussed below.

Other expense, which can vary from quarter to quarter, was \$7.5 million in the three months ended September 30, 1996 compared to \$1.1 million in the three months ended September 30, 1995.

Income from continuing operations before income taxes for the three months ended September 30, 1996 was \$21.5 million compared to a loss of \$48.8 million for the three months ended September 30, 1995.

Estimated income taxes were a charge of \$7.3 million for the three months ended September 30, 1996 compared to a benefit of \$16.6 million in the year-ago period.

For the nine months ended September 30, 1996, income from continuing operations was \$6.1 million, or a loss of \$.49 per primary and fully diluted common share. In the nine-month period one year ago, income from continuing operations was \$39.7 million, or a loss of \$.29 per primary and fully diluted common share. In the year-ago period, total net income was \$52.2 million, or a loss of \$.22 per primary and fully diluted share, including income of \$12.5 million, or \$.07 per primary and fully diluted share, from discontinued operations.

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

Effective January 1, 1996, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and SFAS No.123, "Accounting for Stock-Based Compensation". SFAS No. 123 requires the recognition of, or disclosure of, compensation expense for grants of stock options or other equity instruments issued to employees based upon their fair value. As permitted by SFAS 123, the Company elected the disclosure requirements, instead of recognition of compensation expense, and therefore will continue to apply existing accounting rules. The Company will comply with the disclosure requirements of SFAS No. 123 in its 1996 audited financial statements. The adoption of these statements had no effect on the Company's consolidated financial position, consolidated statement of income, or liquidity.

In June of 1996, SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities"

was issued. SFAS No. 125 specifies accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. This statement is effective for transactions occurring after December 31, 1996. The Company is currently assessing the potential impact of the adoption of SFAS No. 125.

Financial Condition

Cash, cash equivalents and marketable securities at September 30, 1996 were \$843.2 million compared to \$1.1 billion at December 31, 1995. During the nine months ended September 30, 1996, cash used for operating activities was \$352.7 million compared to cash usage of \$251.4 million during the nine months ended September 30, 1995. The increase in cash usage was due in large part to reductions in payables and accruals, including amounts related to restructuring. Cash used for investing activities during the first nine months of 1996 was \$176.3 million compared to \$245.9 million a year ago. The decrease was principally due to a reduction in investments in properties and rental equipment. Cash provided by financing activities during the period was \$272.7 million compared to cash used of \$145.8 million in the year-ago period, principally due to the issuance of \$724.0 million of debt discussed below.

At September 30, 1996, total debt was \$2.3 billion, an increase of \$381.7 million from December 31, 1995. In March 1996, the Company issued \$299.0 million aggregate principal amount of 8 1/4% Convertible Subordinated Notes due 2006 (which are convertible into an aggregate of 43.5 million shares of the Company's common stock at a conversion price of \$6.875 per share) and \$425.0 million aggregate principal amount of 12% Senior Notes due 2003. During the nine months ended September 30, 1996 and 1995, the Company retired \$339.6 million and \$67.9 million of debt, respectively.

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

During the nine months ended September 30, 1996, debt net of cash and marketable securities increased \$658.2 million to \$1.4 billion. As a percent of total capital, debt net of cash and marketable securities was 45% at September 30, 1996 and 29% at December 31, 1995.

On October 4, 1996, the Company issued \$450.0 million of 11 3/4% Senior Notes due 2004. On November 4, 1996, a portion of the proceeds was used to redeem all of the Company's \$135.0 million outstanding 8 7/8% Notes due July 15, 1997, at 100% of the principal amount of the Notes, plus accrued interest. The remainder of the proceeds are being used to retire prior to maturity other securities with near-term maturities. The Company intends, from time to time, to continue to redeem or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions, and other factors.

During the first quarter of 1996, the credit ratings for the Company's public debt were lowered. The credit ratings on the Company's senior long-term debt and subordinated debt were lowered from Ba3 to B1 and from B2 to B3, respectively, by Moody's Investors Service, Inc. and from BB- to B+ and from B to B-, respectively, by Standard and Poor's Corporation. In August 1996, Duff & Phelps Inc. lowered its credit ratings on the Company's senior long-term debt and subordinated debt from BB- to B+ and from B to B-, respectively. The lowering of the ratings does not materially affect the interest rates that the Company pays on its debt, nor its ability to access capital markets.

In June 1996, the Company entered into a one-year \$200 million revolving credit facility replacing the prior facility which expired in May 1996. The conditions precedent to a borrowing under the facility include minimum cash balances and compliance

with net worth and interest coverage covenants. In addition, if any borrowings are outstanding, the Company is required to maintain full compensating balances with the bank group unless waived by a supermajority of the banks. The Company had never utilized the prior facility and does not expect to utilize the new facility.

Dividends paid on preferred stock amounted to \$90.6 million during the first nine months of 1996 compared to \$90.0 million in the year ago period.

Stockholders' equity decreased \$119.0 million during the nine months ended September 30, 1996 to \$1,741.2 million, principally reflecting preferred dividends declared of \$87.0 million and unfavorable foreign currency translation of \$51.1 million.

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

At September 30, 1996, the Company had deferred tax assets in excess of deferred tax liabilities of \$1,462 million. For the reasons cited below, management determined that it is more likely than not that \$974 million of such assets will be realized, therefore resulting in a valuation allowance of \$488 million. In assessing the likelihood of realization of this asset, the Company 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 methods used to assess the likelihood of realization were the Company's forecast of future taxable income, which was adjusted by applying probability factors to the achievement of this forecast, and tax planning strategies. The combination of forecasted taxable income and tax planning strategies are expected to be sufficient to realize the entire amount of net deferred tax assets. Approximately \$2.8 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. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. In recent years, the information management business has undergone dramatic changes and there can be no assurances that in the future there would not be increased competition or other factors that 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.

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Part II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index

(b) Reports on Form 8-K

During the quarter ended September 30, 1996, 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: November 14, 1996

By: /s/ Janet M. Brutschea Haugen

Janet M. Brutschea Haugen
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 nine months ended September 30, 1996 and 1995
11.2	Statement of Computation of Earnings Per Share for the three months ended September 30, 1996 and 1995
12	Statement of Computation of Ratio of Earnings to Fixed Charges
27	Financial Data Schedule

UNISYS CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995
(UNAUDITED)
(Millions, except share data)

Primary Earnings Per Common Share	1996	1995
	-----	-----
Average Number of Outstanding Common Shares	172,369,855	171,184,699
Additional Shares Assuming Exercise of Stock Options	430,426	816,414
	-----	-----
Average Number of Outstanding Common Shares and Common Share Equivalents	172,800,281	172,001,113
	=====	=====
Income From Continuing Operations	\$ 6.1	\$ 39.7
Dividends on Series A, B and C Preferred Stock	(90.6)	(90.1)
Primary Earnings (Loss) on Common Shares Before Discontinued Operations	----- (84.5)	----- (50.4)
Income From Discontinued Operations		12.5
	-----	-----
Primary Earnings (Loss) on Common Shares	\$(84.5)	\$(37.9)
	=====	=====
Primary Earnings (Loss) Per Common Share		
Continuing Operations	\$ (.49)	\$ (.29)
Discontinued Operations		.07
	-----	-----
Total	\$(.49)	\$ (.22)
	=====	=====
Fully Diluted Earnings Per Common Share		
Average Number of Outstanding Common Shares and Common Share Equivalents	172,800,281	172,001,113
Additional Shares:		
Assuming Conversion of Series A Preferred Stock	47,454,218	47,454,678
Assuming Conversion of 8 1/4% Convertible Notes due 2000	33,697,387	33,697,387
Assuming Conversion of 8 1/4% Convertible Notes due 2006	32,817,316	
Attributable to Stock Plans	189,269	34,992
	-----	-----
Common Shares Outstanding Assuming Full Dilution	286,958,471	253,188,170
	=====	=====
Primary Earnings (Loss) on Common Shares Before Discontinued Operations	\$(84.5)	\$(50.4)
Exclude Dividends on Series A Preferred Stock	79.9	79.9
Interest Expense on 8 1/4% Convertible Notes, due 2000, Net of Applicable Tax	14.4	13.3
Interest Expense on 8 1/4% Convertible Notes, due 2006, Net of Applicable Tax	9.4	
	-----	-----
Fully Diluted Earnings on Common Shares Before Discontinued Operations	19.2	42.8
Income From Discontinued Operations		12.5
	-----	-----
Fully Diluted Earnings on Common Shares	\$19.2	\$55.3
	=====	=====
Fully Diluted Earnings per Common Share		
Continuing Operations	\$.07	\$.17
Discontinued Operations		.05
	-----	-----
Total	\$.07	\$.22
	=====	=====

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995
(UNAUDITED)
(Millions, except share data)

	1996	1995
Earnings (Loss) Per Common Share As Reported		
Primary		
Continuing Operations	\$ (.49)	\$ (.29)
Discontinued Operations		.07
Total	\$ (.49)	\$ (.22)
Fully Diluted		
Continuing Operations	\$ (.49)	\$ (.29)
Discontinued Operations		.07
Total	\$ (.49)	\$ (.22)

The computation for 1996 and 1995 is based on the weighted average number of outstanding common shares. Neither period includes common stock equivalents or assumes conversion of the convertible notes or Series A preferred stock since such conversions would have been antidilutive.

EXHIBIT 11.2

UNISYS CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995
(UNAUDITED)
(Millions, except share data)

	1996	1995
Primary Earnings Per Common Share		
Average Number of Outstanding Common Shares	172,970,411	171,387,269
Additional Shares Assuming Exercise of Stock Options	366,692	644,899
Average Number of Outstanding Common Shares and Common Share Equivalents	173,337,103	172,032,168
Income (Loss) From Continuing Operations	\$ 14.2	\$ (32.2)
Dividends on Series A, B and C Preferred Stock	(30.2)	(30.2)
Primary Earnings (Loss) on Common Shares	\$ (16.0)	\$ (62.4)
Primary Earnings (Loss) Per Common Share	\$ (.09)	\$ (.36)
Fully Diluted Earnings Per Common Share		
Average Number of Outstanding Common Shares and Common Share Equivalents	173,337,103	172,032,168
Additional Shares:		
Assuming Conversion of Series A Preferred Stock	47,454,135	47,454,638
Assuming Conversion of 8 1/4% Convertible Notes due 2000	33,697,387	33,697,387
Assuming Conversion of 8 1/4% Convertible Notes due 2006	43,490,909	
Attributable to Stock Plans	334,225	
Common Shares Outstanding Assuming Full Dilution	298,313,759	253,184,193
Primary Earnings (Loss) on Common Shares	\$ (16.0)	\$ (62.4)
Exclude Dividends on Series A Preferred Stock	26.6	26.6
Interest Expense on 8 1/4% Convertible Notes, due 2000, Net of Applicable Tax	4.8	4.4
Interest Expense on 8 1/4% Convertible Notes,		

due 2006, Net of Applicable Tax	4.2	-----
Fully Diluted Earnings (Loss) on Common Shares	\$19.6	\$(31.4)
	=====	=====
Fully Diluted Earnings (Loss) per Common Share	\$.07	\$ (.12)
	=====	=====
Earnings (Loss) Per Common Share As Reported		
Primary	\$(.09)	\$ (.36)
	=====	=====
Fully Diluted	\$(.09)	\$ (.36)
	=====	=====

The computation for 1996 and 1995 is based on the weighted average number of outstanding common shares. Neither period includes common stock equivalents or assumes conversion of the convertible notes or Series A preferred stock since such conversions would have been antidilutive.

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

	Nine Months Ended Sept 30, 1996 -----	Years Ended December 31				
		1995 -----	1994 -----	1993 -----	1992 -----	1991 -----
Income (loss) from continuing operations before income taxes	\$ 9.2	\$ (781.1)	\$ 14.6	\$370.9	\$301.3	\$ (1,425.6)
Add (deduct) share of loss (income) of associated companies	(14.0)	5.0	16.6	14.5	3.2	(6.5)
Subtotal	(4.8)	(776.1)	31.2	385.4	304.5	(1,432.1)
Interest expense (net of interest capitalized)	185.5	202.1	203.7	241.7	340.6	407.6
Amortization of debt issuance expenses	4.5	5.1	6.2	6.6	4.8	1.8
Portion of rental expense representative of interest	48.9	65.3	65.0	70.5	78.8	80.9
Total Fixed Charges	238.9	272.5	274.9	318.8	424.2	490.3
Earnings (loss) from continuing operations before income taxes and fixed charges	\$234.1	\$ (503.6)	\$306.1	\$704.2	\$728.7	\$ (941.8)
Ratio of earnings to fixed charges	(a)	(a)	1.11	2.21	1.72	(a)

<FN>

(a) Earnings for the nine months ended September 30, 1996 and for the years ended December 31, 1995 and 1991 were inadequate to cover fixed charges by approximately \$4.8 million, \$776.1 million and \$1,432.1 million, respectively.

<ARTICLE> 5
<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED
FROM THE COMPANY'S FINANCIAL STATEMENTS INCLUDED IN THE
COMPANY'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED
SEPTEMBER 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY
REFERENCE TO SUCH FINANCIAL STATEMENTS.
<MULTIPLIER> 1,000,000

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<PERIOD-END>	SEP-30-1996
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<PP&E>	2,012
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<EPS-DILUTED>	(.49)