

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported)

April 14, 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 April 14, 2005, Unisys Corporation issued a news release to report its financial results for the quarter ended March 31, 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: April 14, 2005

By: /s/ Janet B. Haugen

Janet B. Haugen
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit

No.

99 News Release, dated April 14, 2005, of Unisys Corporation.

UNISYS

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UNISYS ANNOUNCES FIRST-QUARTER 2005 FINANCIAL RESULTS

BLUE BELL, Pa., April 14, 2005 - Unisys Corporation (NYSE: UIS) today reported a first-quarter 2005 net loss of \$45.5 million, or a loss of 13 cents per share, compared with first-quarter 2004 net income of \$28.9 million, or 9 cents per share. The first-quarter 2005 results included pre-tax pension expense of \$46.8 million, or 9 cents per share, compared with pension expense of \$22.2 million, or 4 cents per share, in the year-ago quarter. Excluding the impact of pension expense in both periods, the first-quarter 2005 loss was \$13.7 million, or a loss of 4 cents per share, compared with net income of \$44.0 million, or 13 cents per share, in the first quarter of 2004. Revenue for the first quarter of 2005 declined 7% to \$1.37 billion from \$1.46 billion in the year-ago quarter. Currency had a 2 percentage-point positive impact on the company's revenue in the first quarter, reflecting a weak U.S. dollar against most major currencies worldwide.

COMMENTS FROM PRESIDENT AND CEO JOSEPH W. MCGRATH

"This was a tough quarter for Unisys," said Joseph W. McGrath, Unisys President and Chief Executive Officer. "Our results in the quarter, as expected, were impacted by the continuing challenges of several transformational outsourcing contracts and a substantial increase in pension expense, both of which affected our services margins. We also saw lower-than-expected revenue in the quarter.

"We did make progress on several important fronts, however. After a slow year for orders in 2004, we implemented aggressive sales and marketing programs to drive stronger order and revenue trends going forward. We were pleased by good services order growth in the quarter, driven by substantial double-digit order gains for outsourcing services. Overall we signed multi-year annuity contracts with an estimated total value of more than \$400 million in the quarter."

McGrath said that major services contracts signed in the quarter included:

* a contract valued at \$143 million (\$105 million for the initial five-year term and \$38 million for an optional two-year extension) to provide desktop support services on an outsourced basis to New York City Transit;

* a 10-year contract valued at \$90 million to provide insurance processing services for a new Resolution Life Group company in the United Kingdom;

* a contract valued at \$77 million over five years to provide infrastructure outsourcing services to a leading U.S. financial institution;

* a contract valued at \$22 million over five years to provide infrastructure outsourcing services to a major U.S. city public entity.

In addition, in early April, Unisys signed a five-year, \$68 million contract with a group of U.S. telecommunications companies for IT infrastructure outsourcing services.

"We are encouraged by these wins, since they show that our sales and marketing efforts are starting to pay off," McGrath said. "More importantly, they show that Unisys is providing the kind of value-added services and solutions that clients need in the marketplace."

FIRST-QUARTER COMPANY RESULTS

Overall orders were flat in the first quarter. Services orders showed single-digit gains, while technology orders showed double-digit declines.

On a geographic basis, U.S. revenue declined 9% to \$621 million. Revenue in international markets declined 4% in the quarter to \$746 million.

The company's gross profit margin and operating profit margin in the quarter were 19.0% and (4.8%), respectively, compared with 26.8% and 4.0% in the first

quarter of 2004. The year-over-year margin declines for the company and the services segment were principally due to the impact of the transformational outsourcing contracts and higher pension expense.

SG&A expense and R&D expense represented 19.1% and 4.7% of revenue, respectively, in the first quarter of 2005 compared with 17.9% and 4.9% of revenue in the year-ago quarter. The principal reasons for the increase in SG&A expenses as a percent of revenue were the decrease in revenue and the higher pension expense.

The first-quarter 2005 results include a tax benefit of \$7.8 million related to a favorable decision in foreign tax litigation.

FIRST-QUARTER BUSINESS SEGMENT RESULTS

Customer revenue in the company's services segment declined 5% in the first quarter of 2005 compared with the year-ago period. All services categories showed revenue declines in the quarter. On a reported basis, gross profit margin in the services business declined to 11.0% from 19.1% a year ago, while the services operating margin was (6.8)% compared with 2.5% a year ago. Excluding the impact of pension expense in both periods, services gross profit margin declined to 13.8% from 20.4% a year ago, while services operating margin declined to (3.2%) compared with 4.1% a year ago.

Customer revenue in the company's technology segment declined 13% in the first quarter. Sales of specialized equipment declined by double digits, while enterprise server sales showed slight declines. Within enterprise servers, sales of ClearPath systems showed mid single-digit declines, while ES7000 revenue showed a high single-digit increase. The technology margins declined in the quarter, primarily reflecting lower sales of ClearPath and specialized technology. On a reported basis, technology gross margin declined to 47.7% from 48.3% a year ago, and technology operating margin declined to 6.1% from 8.6% a year ago. Excluding the impact of pension expense in both periods, the technology gross margin decreased to 48.0% in the first quarter of 2005 from 48.4% in the year-ago quarter and the technology operating margin declined to 8.5% compared with 9.5% in the year-ago period.

CASH FLOW RESULTS

Unisys generated \$27 million of cash from operations in the quarter compared with operational cash flow of \$129 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 first quarter of 2005 were \$97 million, including \$76 million invested in revenue-generating projects. On January 17, 2005, Unisys repaid at maturity all outstanding \$150 million of its 7 1/4% senior notes. The repayment was made from cash on hand. Unisys ended the quarter with \$442 million of cash on hand.

BUSINESS OUTLOOK

"We expect the second quarter to continue to be challenging as we work through the issues in our transformational outsourcing business and soft demand in our high-end enterprise server business," McGrath said. "We look for second-quarter earnings per share, excluding the impact of pension expense, to be approximately breakeven, with revenue relatively flat compared with the prior-year quarter."

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. 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. 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 possible price adjustment or gain-sharing price reduction provisions. Accordingly, the contract values are not guaranteed. 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 Ended March 31	
	2005	2004
Revenue		
Services	\$1,107.7	\$1,165.0
Technology	258.9	297.9
	1,366.6	1,462.9
Costs and expenses		
Cost of revenue:		
Services	981.4	925.7
Technology	124.9	145.7
	1,106.3	1,071.4
Selling, general and administrative	261.6	261.2
Research and development	64.9	71.5
	1,432.8	1,404.1
Operating income (loss)	(66.2)	58.8
Interest expense	12.6	17.0
Other income (expense), net	0.5	0.6

Income (loss) before income taxes	(78.3)	42.4
Provision (benefit) for income taxes	(32.8)	13.5
	-----	-----
Net income (loss)	(\$45.5)	\$28.9
	=====	=====
Earnings (loss) per share		
Basic	(\$.13)	\$.09
	=====	=====
Diluted	(\$.13)	\$.09
	=====	=====
Shares used in the per share computations (thousands):		
Basic	338,248	332,722
	=====	=====
Diluted	338,248	338,048
	=====	=====

UNISYS CORPORATION
SEGMENT RESULTS
(Millions)

	Total	Elimi- nations	Services	Technology
	-----	-----	-----	-----
Three Months Ended March 31, 2005				

Customer revenue	\$1,366.6		\$1,107.7	\$258.9
Intersegment		(\$59.9)	4.8	55.1
	-----	-----	-----	-----
Total revenue	\$1,366.6	(\$59.9)	\$1,112.5	\$314.0
	=====	=====	=====	=====
Gross profit percent	19.0%		11.0%	47.7%
	=====		=====	=====
Operating profit (loss) percent	(4.8%)		(6.8%)	6.1%
	=====		=====	=====
Three Months Ended March 31, 2004				

Customer revenue	\$1,462.9		\$1,165.0	\$297.9
Intersegment		(\$45.7)	4.8	40.9
	-----	-----	-----	-----
Total revenue	\$1,462.9	(\$45.7)	\$1,169.8	\$338.8
	=====	=====	=====	=====
Gross profit percent	26.8%		19.1%	48.3%
	=====		=====	=====
Operating profit percent	4.0%		2.5%	8.6%
	=====		=====	=====

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions)

	March 31, 2005	December 31, 2004
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$441.6	\$660.5
Accounts and notes receivable, net	1,050.1	1,136.8
Inventories		
Parts and finished equipment	92.2	93.7
Work in process and materials	130.4	122.4
Deferred income taxes	292.1	291.8
Prepaid expense and other current assets	139.5	112.4
	-----	-----
Total	2,145.9	2,417.6
	-----	-----
Properties	1,271.3	1,305.5
Less accumulated depreciation and amortization	863.8	881.4
	-----	-----
Properties, net	407.5	424.1
	-----	-----
Outsourcing assets, net	433.3	431.9
Marketable software, net	340.5	336.8
Investments at equity	210.4	197.1
Prepaid pension cost	49.4	52.5
Deferred income taxes	1,394.6	1,394.6
Goodwill	188.4	189.9
Other long-term assets	164.3	176.4
	-----	-----
Total	\$5,334.3	\$5,620.9
	=====	=====
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$2.7	\$1.0
Current maturities of long-term debt	1.5	151.7
Accounts payable	365.6	487.4
Other accrued liabilities	1,291.5	1,316.1
Income taxes payable	0.0	66.6
	-----	-----
Total	1,661.3	2,022.8
	-----	-----
Long-term debt	898.6	898.4
Accrued pension liabilities	573.3	537.9
Other long-term liabilities	708.6	655.3
Stockholders' equity		
Common stock	3.4	3.4
Accumulated deficit	(421.7)	(376.2)
Other capital	3,895.8	3,883.8
Accumulated other comprehensive loss	(1,985.0)	(2,004.5)
	-----	-----
Stockholders' equity	1,492.5	1,506.5
	-----	-----
Total	\$5,334.3	\$5,620.9
	=====	=====

UNISYS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Three Months Ended March 31	
	2005	2004
Cash flows from operating activities		
Net income (loss)	(\$45.5)	\$28.9
Add (deduct) items to reconcile net income (loss) to net cash provided by operating activities:		
Equity loss (income)	4.3	(5.3)
Depreciation and amortization of properties	30.0	35.8
Depreciation and amortization of outsourcing assets	34.7	26.6
Amortization of marketable software	28.5	29.3
Increase in deferred income taxes, net	(.3)	(1.4)
Decrease in receivables, net	90.5	54.2
Increase in inventories	(6.5)	(19.1)
(Decrease) increase in accounts payable and other accrued liabilities	(158.5)	8.2
Decrease in income taxes payable	(66.6)	(8.0)
Increase in other liabilities	97.7	
Increase in other assets	(16.4)	(25.4)
Other	34.9	5.4
	26.8	129.2
Cash flows from investing activities		
Proceeds from investments	1,779.9	1,408.3
Purchases of investments	(1,776.8)	(1,413.7)
Investment in marketable software	(33.0)	(29.0)
Capital additions of properties	(22.4)	(36.5)
Capital additions of outsourcing assets	(41.9)	(47.6)
	(94.2)	(118.5)
Cash flows from financing activities		
Net proceeds from short-term borrowings	1.7	10.6
Proceeds from employee stock plans	6.6	11.1
Payments of long-term debt	(150.3)	(1.0)
	(142.0)	20.7
Effect of exchange rate changes on cash and cash equivalents	(9.5)	4.1
(Decrease) increase in cash and cash equivalents	(218.9)	35.5
Cash and cash equivalents, beginning of period	660.5	635.9
Cash and cash equivalents, end of period	\$441.6	\$671.4

Reconciliation of GAAP to Non-GAAP
Financial Information

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

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

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

	Three Months Ended March 31, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,462.9		\$1,462.9
Costs and expenses			
Cost of revenue	1,071.4	(\$15.5)	1,055.9
Selling, general and administrative	261.2	(4.9)	256.3
Research and development	71.5	(1.8)	69.7
	1,404.1	(22.2)	1,381.9
Operating income	58.8	22.2	81.0
Interest expense	17.0		17.0
Other income (expense), net	0.6		0.6
Income before income taxes	42.4	22.2	64.6
Provision for income taxes	13.5	7.1	20.6
Net income	\$28.9	\$15.1	\$44.0
Earnings per share	\$.09	\$.04	\$.13

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

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

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

	Three Months Ended March 31, 2004		
	As Reported	Less Pension Expense	Without Pension Expense

Services Segment			
Total revenue	\$1,169.8		\$1,169.8
Gross profit	222.9	(\$15.2)	238.1
% of revenue	19.1%		20.4%
Operating income	29.2	(19.3)	48.5
% of revenue	2.5%		4.1%
Technology Segment			
Total revenue	338.8		338.8
Gross profit	163.8	(0.3)	164.1
% of revenue	48.3%		48.4%
Operating income	29.2	(2.9)	32.1
% of revenue	8.6%		9.5%
Total Company			
Total revenue	1,462.9		1,462.9
Gross profit	391.5	(15.5)	407.0
% of revenue	26.8%		27.8%
Operating income	58.8	(22.2)	81.0
% of revenue	4.0%		5.5%

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

	Three Months Ending 6/30/2005 -----
Earnings (loss) per share- on a GAAP basis	(.11)-(.07)
Add back estimated pension expense, net of tax	.09 -----
Earnings (loss) per share- on a NON-GAAP basis (excluding pension expense)	(.02)-.02 =====

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